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Bureau Companies Announce Non-Can, Merit Plan In N.Y.

Some Independents Also Are Expected To Use Similar Plan, Hearing Is Told

NEW YORK—The bureau companies shortly will file with the New York department a program containing a "non-can" policy, merit rating, and a basic rate increase for liability on private passenger cars.

This was announced by H. Clay Johnson, executive vice-president of Royal-Globe and chairman of the compulsory auto committee of Assn. of Casualty & Surety Companies, and Roy C. McCullough, assistant general counsel of the Kemper Group, who represented American Mutual Insurance Alliance, at a hearing here of the state's joint legislative committee on insurance rates and regulation. Mr. McCullough noted that most Alliance companies that do business in New

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Pacific, Montana, Utah Fire Bureaus Reduce Some Rates

The Pacific, Montana and Utah fire rating bureaus have reduced fire insurance premiums in many areas, but in one (Nevada) some premiums have also been increased to some degree. Primarily, the reductions apply to one and two family dwellings and their contents in outlying districts. All changes are effective Nov. 1.

New System

The reduced premiums come about under a system whereby dwellings located in areas which normally take a fire protection classification rating of up to class 8 will be rated at the lowest fire protection classification which exists in the city or fire protection district.

The bureaus state that the insurance industry has learned that in the urban and suburban areas of cities with reasonably good downtown fire protection, protection can be counted on to combat effectively the comparatively small fires which occur in dwellings, although such protection would not be adequate to combat business and industrial fires in such outlying areas.

Homeowners Noted

Reductions in total premium on dwellings protected under homeowners policies will not be as great as under straight fire policies because these factors have already been recognized to a certain extent in the development of that policy, but the changes in fire protection classifications will apply in homeowners and generally will produce a somewhat lesser rate, the bureaus note.

Mutuals See More Competition And Socialization Ahead

NEW YORK—The 1960s will be dominated by competition in the fire-casualty business, Joseph P. Craugh, president of Utica Mutual and head of National Assn. of Mutual Insurance Companies, told approximately 600 mutual insurance executives attending the annual Mutual Technical Conference here.

The business will be subjected to more political and governmental attention, he said, in way of investigation and regulation. There will be more use of the insurance idea by government, though unfortunately it is not clear to the public that the cost of protection must be measured by degree of exposure to loss if the idea is to function successfully.

There will be competition from government programs masquerading as insurance, though actually they are programs of taxation and subsidy. He suggested the possibility of direct and indirect competition from large non-insurance organizations which have an advantage because they can deal with groups of members, as in the case of labor unions, or from organizations with a marketing advantage because they have sales forces in wide contact with the mass market in connection with the distribution of products or services other than insurance.

Cites Severe Competition

Competition, he declared, will be especially severe for orthodox insurers and especially hard on smaller companies without financial resources to operate long at a loss. Yet such insurers may have to write some coverages at a loss for fear government will set up a competing program or in order to improve public relations.

Much of the program was devoted to a discussion of automobile experience, mostly bad, and competitive forms such as merit rating.

H. W. Yount, executive vice-president of Liberty Mutual and vice-president of American Mutual Insurance Alliance, recommended an industry pool to handle assigned risks. Underwriters would assign risks on a monthly bordereaux basis to the pool. The company and its agents would continue to service the business including claims handling. Such a plan would ease pressures on underwriters and agents.

McBean President Of Appleton & Cox

William R. McBean has been named president and chief administrative officer of Appleton & Cox to succeed Owen E. Barker, who continues as chairman and chief executive officer. Fred Thieringer Jr., was advanced from senior vice-president to executive vice-president and John P. Kipp was named to the executive committee.

Mr. McBean joined the firm in 1920. He became vice-president in 1945, a director in 1945 and executive vice-president in 1954.

New Hampshire Plans to Purchase Illinois National

President C. L. Morris, Illinois National, and President Lester S. Harvey, New Hampshire, have announced that directors of the respective companies have voted approval of an offer by New Hampshire to purchase all outstanding stock of Illinois National through an exchange of stock on the basis of seven shares of New Hampshire for six shares of Illinois National.

Terms Of Offer

The formal offer to be made to the stockholders of Illinois National will be contingent on approval of the terms of exchange by appropriate authorities and upon the deposit of not less than 81% of the outstanding stock of Illinois National in acceptance of the New Hampshire's offer.

Mr. Harvey stated that the proposed addition of Illinois National to the New Hampshire group should greatly strengthen the group's operations in Illinois, Indiana, Iowa, Kentucky and Ohio where New Hampshire has wished to increase its business.

No Management Change

Illinois National's fine organization of employes and agents has produced an excellent record in automobile and casualty writings for many years, he said, and through the greater resources and enlarged facilities of New Hampshire, Illinois National will be in a stronger position to write a larger volume of business. He also indicated that no change was contemplated in the operations or management of Illinois National.

New Hampshire group, including Illinois National, will have assets of almost \$100 million, and approximately \$32 million of capital funds. Net premiums written will amount to about \$52 million.

Report On Mutual Agents' Convention Starts On Page 25

Planning for the year ahead are these new officers of Kansas Assn. of Insurance Agents: Seated, from left, George T. Staebler Jr., Topeka, treasurer (reelected for the fifth time); Burton B. Elder, Elkhart, president, and Maynard Angwin, Pittsburg, retiring president. Standing, from left, Donald Patton, Hutchinson, secretary, and Preston M. Bacon, Newton, president-elect.



NAII Members Gather 800 Strong At St. Louis

Auto Insurance Still The Dominant Subject; Gentry New President

By JOHN BURRIDGE

ST. LOUIS—The youth of National Assn. of Independent Insurers as a trade association tends to qualify such descriptions as "largest meeting in history" when only 16 historical sessions



C. W. Leftwich



F. A. S. Gentry

are involved; but in its brief career NAI has unquestionably risen to the first rank of importance in the business. The annual meeting here this week drew an attendance of more than 800, of whom 50 or so were insurance commissioners and department personnel. From its inception NAI has assumed the role, often without visible outside support, of bucking the status quo, and it has been so successful that its participation has become essential in the high level conduct of insurance operations.

This is an organization of such diverse interests as to make its existence a remarkable thing in itself. In NAI are all kinds of companies using all kinds of systems of rating and selling. Yet NAI was the only group to offer the Gerber subcommittee a solid recommendation. Each annual meeting includes, for members only of course, a

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Report Fruitful Year To Nebraska Agents At Omaha Conclave

Record 400 'In Orbit' At Annual; Kenneth Schenck Is Elected President

By RICHARD G. EBEL

An industrious and fruitful year for Nebraska Assn. of Insurance Agents



John J. Brittan



Kenneth F. Schenck

was reported to the membership at the convention at Omaha last week when 400 agents turned out for the annual meeting at the plush Town House Motel. The theme of the convention, "The Independent Agent Is in Orbit" was carried out by appropriate blast-off ceremonies amid mock-ups of Snark, Atlas and Titan missiles and X-15s, and a tour by agents and their wives of Strategic Air Command headquarters at Offutt AFB was arranged to put the registrants in an orbiting mood.

Kenneth F. Schenck of the Westergard agency of Omaha was elected president to succeed John J. Brittan, Alliance. Other new officers are Jesse Benson, Wymore, 1st vice-president; Don F. Newville, Lincoln, 2nd vice-president; Robert C. Crowl, Omaha, secretary-treasurer; and Dan Loring, Omaha, state national director.

In his report of administration, Mr. Brittan said the tension that existed a year ago between companies and agents appeared to be lessening. However, he foresaw no likelihood of a "return to a condition of complete and implicit faith in the companies at any time in the future, in view of the manner in which that trust was dispelled and violated a year or so ago in unilateral commission reductions."

Progress Report On Goals

He reported on progress in achieving eight specific goals which had been set up at the outset of his administration. Efforts toward reaching the national advertising quota, developing a package farm policy, recruiting three new local boards, composing a text for a new driver licensing law and obtaining a statement from National Assn. of Insurance Commissioners on fictitious groups have been successful. Progress was reported on an agents' qualification law; however, the membership goal of 600 was not achieved nor was a statement obtained from the Nebraska department on rejecting rate filings in which acquisition costs were specifically loaded.

Several committee reports made mention of the Standard Oil credit card accident coverage. In his report on fictitious groups, John H. Binning, general counsel of the association, predicted that every credit card operation soon will be getting into the

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Lemmon Tells How Small Companies Would Fare Under NAII's Proposed Rating Law

ST. LOUIS—The proposed model fire and casualty rating law proposed by National Assn. of Independent Insurers is rapidly gaining support in both regulatory and industry circles, Vestal Lemmon, general manager, told the NAII membership at the annual meeting here. "No industry group thus far has seen fit to seriously quarrel with it or offer a substitute," he said. "In fact, we have reason to believe that our approach or major features of it is gaining strong support in the councils of several other important trade associations."

He dwelt in particular on the effect of the NAII bill on the smaller companies in an environment of stiff and relentless competition. The fate of small companies in such an atmosphere has been the burning question in discussions of a rate law that doesn't require prior approval.

The NAII bill was presented to National Assn. of Insurance Commissioners last May. The five major features, aside from combining fire and casualty into one statute, as listed by Mr. Lemmon, are:

—It retains the requirement of filings, but in streamlined form whereby both rate changes and deviations take effect automatically, subject to the commissioner's power to revoke

any rates found upon hearing to violate any of the ratemaking standards.

—It specifically allows incorporation by reference of all or part of any existing filing and any other relevant information in the commissioner's possession.

—It provides definitions of "excessive" and "inadequate" rates.

—It resolves the "aggrieved person" issue by preventing one bureau or company from appearing as adverse party to contest or litigate the filings of a competitor, but it permits anyone to request the commissioner to call a hearing on another's filing.

—It includes a detailed and improved appellate review provision.

Mr. Lemmon noted that the ratemaking definitions and the streamlined filing procedures of the NAII bill had been incorporated into Senate Bill 3907 which was introduced into Congress two months ago to revise the District of Columbia rating law. There are structural similarities between the two bills, he said, but also important fundamental differences. As an example, he noted that the practical effect of S-3907 is to reduce rating bureaus to the status of mere statistical and advisory facilities. The NAII bill retains the bureau mechanism for those who wish to use it for cooperative ratemaking. He explained that "At the same time, safeguards are provided to assure that the bureau mechanism can never be improperly used as an instrument to impose involuntary restraints on those who seek

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Vestal Lemmon

Ill. Agents Break 61-Year Attendance Record At Annual

More Than 800 Persons At Peoria Rally Show New Confidence, Unity

By WILLIAM H. FALTYSEK

PEORIA—Illinois agents, some 800 strong, converged here this week for the 61st annual conclave of Illinois Assn. of Insurance Agents. This was the largest attendance ever, and the program fare was a match in quality of the quantity of the record number of agents present. The general feeling in the air seemed to be that with many serious problems currently facing the business, such a turnout bespeaks confidence of the agents in each other and their association to meet, as a unit, any threat to their way of life—and come out on top.

Harry C. Parrish of Paris was named president to succeed Fred O. Waller of Galva, who moved up to chairman, and James S. Woodworth Jr. of Robinson was elected executive vice-president. Benjamin A. Jones, Decatur, and H. W. Mullins, Rockford, were reelected vice-president of farm affairs and state national director, respectively. George J. Nicoud remains secretary.

Following a custom of long standing, the meeting opened on Sunday afternoon with the one formal activity for the day—a local board workshop; and shortly after that, some 75 hospitality rooms opened up to accommodate the agents and their wives.

Included on the Monday morning schedule was the annual membership meeting, reports of officers and committees, presentation of the Maryland Casualty achievement award and William H. Jennings Jr. membership cup, and the election of officers.

That afternoon there was a presentation of the national association's advertising program and how it ties in with the local agency by J. E. Vincent, Bryan, Tex., NAIA advertising chairman 1960-61. This was followed by a panel session of "the safe driver plan in Illinois," which wound up that day's sessions. Being a very live issue in Illinois at the present time, the safe driving award panel saw a very crowded meeting room and received complete attention from the audience—so much so, in fact, that no one seemed to notice that time had run out. Certainly there was no move to leave for other pursuits until time was finally called.

Participants were Stetson Ward of New Haven, president Connecticut Assn. of Insurance Agents; Donald W. Perin, Alexander & Co., Chicago, chairman of the Illinois association's automobile committee; Thomas Murrin, chief actuary National Board of Casualty Underwriters, and Joseph F. Prola, Springfield, chairman of the association's legislative committee, moderator.

Tuesday began with a farm agents' breakfast program, which included Howard Jones of K. W. Pohl agency, Mendota; Robert Newell of the agency bearing his name, Ashland, association

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L.&L. Transfers Selsor

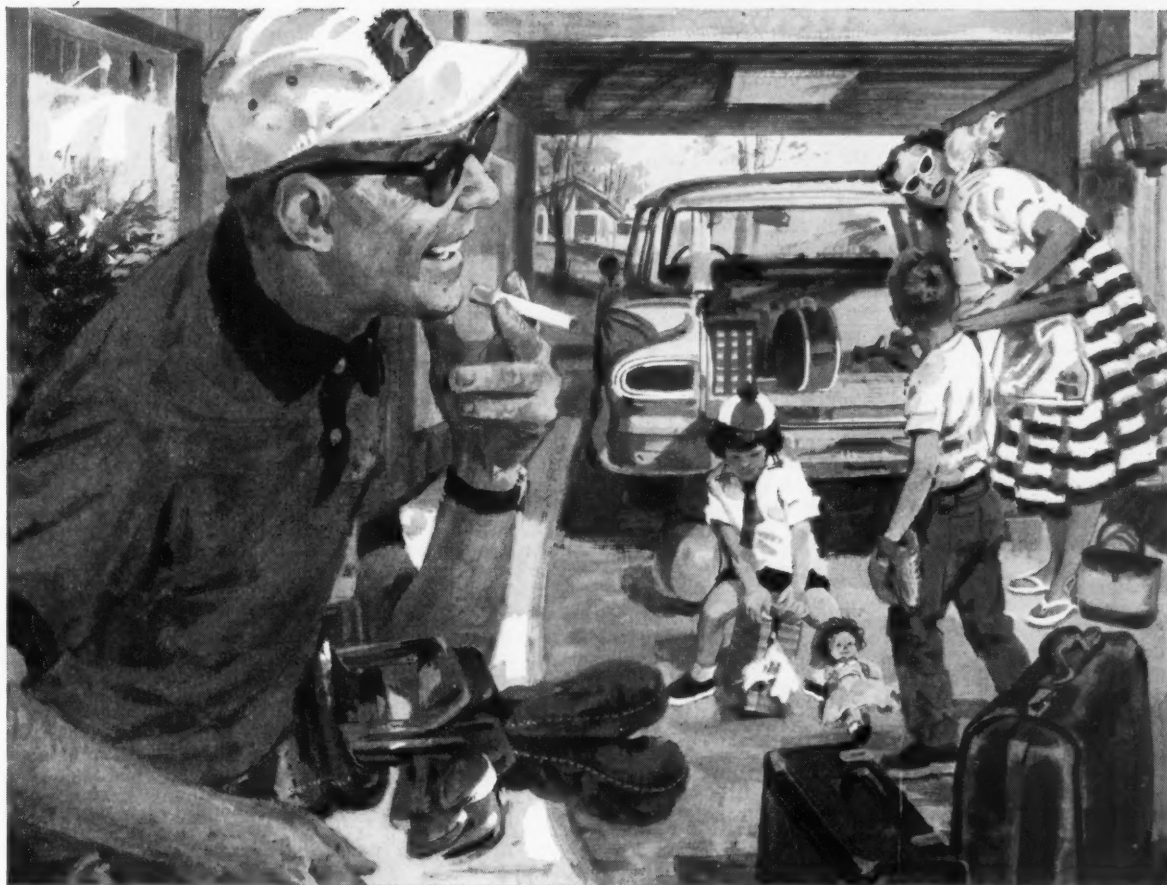
London & Lancashire has transferred Leon Selsor from St. Louis to Oklahoma City as state agent succeeding John R. Haney, resigned.

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“It couldn't have happened at a more opportune time. The speedy (and successful) conclusion of our call

on this risk meant that I could leave on time, with my family, on the vacation trip we had planned so long. And as for Bob Layne, I promised I'd send him a postcard first thing. He's one guy I want to keep in touch with!”

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Conn. Agents Told Future Of Agency System Is Secure

Huizinga Is President; Meet Featured By Candid Agent-Company Exchanges

By JOHN N. COSGROVE

HARTFORD—A capacity crowd of more than 800 at the annual meeting here of Connecticut Assn. of Insurance Agents was told that no stock agency company could abandon the agency system "even if it wanted to." With this reassurance from four vice-presidents of Hartford-based companies came some tough and realistic talk on current contentious issues.



R. G. Huizinga

Lytleton M. Baldwin, Travelers, Guy E. Mann, Aetna Casualty, Edward J. Martin, Phoenix of Hartford, and Arthur S. Kuenkler, Security-Connecticut, laid it on the line for the agents in a discussion of the future of the agency system. They dismissed wrangling over agents' ownership of expirations as a red herring but openly admitted that companies have been at fault in certain matters, as have agents. Their remarks will be reported in detail in next week's issue.

Ward Becomes Chairman

The agents named Rutherford G. Huizinga, Stamford, president to succeed the able Stetson Ward, New Haven, who moves up to chairman. Other new officers are John B. Crosson, Hartford, vice-president, and John F. Phelan, Meriden, secretary-treasurer. Eben Learned Jr., Norwich, was re-elected state national director, and E. Robert Zenke, Norwalk, was named to the executive committee.

The agents got their licks in during

the morning on a panel which preceded the company executives' session. Joseph C. Young, North America's superintendent of schools for agents, demonstrated his courage and ability to match by serving as moderator in a crossfire of verbal ammunition from David E. Ashton, Hartford, Bernard J. Burns, Milford, Edward C. Eaton III, Hartford, and Louis Follis Jr., New Haven.

Has "Unique" Psychiatrist

Mr. Ashton, announced that he has a unique psychiatrist who keeps him sane enough to run his business and crazy enough to keep talking to companies. His psychiatrist must be doing an outstanding job on the plus side, for Mr. Ashton asked some of the most probing questions of the day. He wanted to know, for example, how agents who are "doing more work for less money" are going to attract worthwhile young men into agencies.

This was the first of many queries which kept Mr. Young's Adam's apple bobbing, but he invariably came up with an answer after swallowing hard. He told Mr. Ashton that companies are stepping up the pace of agency aid. They are helping agents financially, at least during the period of training recruits. The companies are taking detail away from agents and helping them to increase "take home" dollars. Mr. Young's company is spending \$500,000 a year training agents to do a better professional job.

More Solicitation Needed

Mr. Young observed that perhaps there has been too little doorbell ringing by agents. This prompted an objection from the floor that companies are trying to make door-to-door peddlers out of producers who have spent years creating the image of a professional.

Mr. Young doesn't think that the number of doorbells rung has anything to do with professionalism. What really matters is the kind of job the agent does after the prospect answers the door. It may swing open to the sale of many lines. Mr. Follis observed that there has been so much stress on auto and homeowners that commercial accounts and life sales may have been overlooked. He posed the problem of the one man agency—whether to "go

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Northington Chief Of Tenn. Agents; Long Sees Price Fix

Insurers of Tennessee at its annual meeting in Nashville agreed to take steps to remove rate determination from Nashville politics. They heard Commissioner Long charge that bureau rate making is equivalent to price fixing.

Arch E. Northington, Clarksville, former commissioner of Tennessee, was elected president to succeed J. Ross Reed, Greeneville, who becomes chairman. Advanced to 1st vice-president was E. B. Tanner, Union City, while John R. Monroe, Johnson City; Lloyd Cheek, Spring City, and Arnold Curtis, Nashville, were named vice-presidents. Thomas W. Jarrell, Nashville, was elected secretary-treasurer, and Frank E. McGlaughon, Kingsport was renamed state national director.

In his address, Commissioner Long called for changes in state rating laws to clear up the confusion which he said had caused the current suit against him by National Bureau and National Automobile Underwriters Assn. after his auto rate increase denial.

While agreeing that bureaus perform a valuable and indispensable function, Mr. Long said that under the law he was compelled to consider factors other than bureau statistics. He charged that the bureau's "one rate for all" amounted to price fixing. What is reasonable for one company will not necessarily be proper for another. However, out of the present clash of ideas a better rating system should emerge, Mr. Long concluded.

Gov. Ellington promised the agents that when studies of proposed legislative changes are made, all segments of the business will be consulted for their recommendations.

Mass. Agents Elect E. S. Cook President

Massachusetts Assn. of Insurance Agents at its annual meeting in Boston elected Edgar S. Cook, Weymouth, president to succeed Francis W. Phelan, Cambridge. Frank H. Doane, Northampton and Albert E. Bouvier, Southbridge, were named vice-presidents, and Clifford E. Dunn, Fitchburg, was re-elected state national director.

New directors are James H. Buckley, Springfield; Philip Coleman, New Bedford; Paul Keith, Brockton; Fred W. Lord, Great Barrington; Josiah T. Weldon, Newburyport; Robert R. Woodman, Salem, and Mr. Phelan.

The agents passed resolutions opposing direct billing and calling for conferences and consultations by companies with association representatives on matters affecting the welfare of the business.

Rearden Elected Director

Niagara Fire has elected William B. Rearden a director. He is chairman and chief executive officer of Loyalty group. He was elected a director of Continental, parent company of America Fore Loyalty group, when the two groups were merged in 1957. He is a director of Underwriters Salvage of New York and a member of the board of Inter-Regional Insurance Conference.

So. Cal. Brokers Set Conference

The fall conference of Insurance Brokers' Society of Southern California and Society of Insurance Brokers will be held Dec. 8 in Monterey at the Mark Thomas Inn.

General Of Seattle Reports Excellent 9 Months' Results

Net profit of General of Seattle group came to \$7,614,769 for the first nine months. The profit was equal to \$7.31 a share compared to \$7.98 for the same period last year.

General's adjusted underwriting profit for the first nine months came to \$7,282,651 (\$6.99 a share) as against \$10.47 a share for the first nine months of 1959. Net investment income was up to \$5.16 a share as against the comparable 1959 figure of \$4.70. The 1960 three-quarter total net from investments was \$5,686,014.

General America Corp. is holding company for General Ins. Co. of America, First National Ins. Co. of America, Safeco Ins. Co. of America and Life-co Ins. Co. of America.

Springfield-Monarch To Open Eight New Regional Offices

Springfield-Monarch plans to open eight new regional offices within the next 12 months. The regional offices will be at Freeport, Ill., for the mid-west; Cleveland, north central; Kansas City, southwest; Atlanta, southeast; New York, mid-Atlantic; Springfield, Mass., northeast; San Francisco, Pacific; and Toronto for Canada.

Springfield-Monarch fire and casualty operations are currently conducted on a departmental basis through three departmental offices. The new offices are designed to bring complete facilities closer to the sources of business. The regional offices will supervise service and field offices.

Buffalo Blue's Rate Increase Hearing Set

Superintendent Thacher of the New York department has scheduled a public hearing on the applications of Western New York Medical Plan (Buffalo Blue Shield) and Hospital Service Corp. of Western New York (Buffalo Blue Cross). Both are set for the same day, Nov. 10, at the Statler Hilton Hotel in Buffalo. However, the Blue Cross hearing will begin at 9 a.m. and the Blue Shield session at 1 p.m. Saul C. Cantor, 1st deputy superintendent, will preside at both hearings.

Blue Shield has asked for rate increases ranging from 30.87% to 59.43%, and the Blue Cross plan seeks boosts from 19.21% to 38.24%.

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Cooke Tells Proper And Improper Functions Of Nonadmitted Market

The important function of the London surplus lines market in the United States was outlined in his talk at the annual convention in St. Louis of National Assn. of Independent Insurers by Ben D. Cooke, president of Agency Managers of New York, and chairman of B. D. Cooke & Partners, London.



Ben D. Cooke

Mr. Cooke also strongly criticized the London nonadmitted market for what he is convinced is not its function. He said he wanted to play no part in this except to help discourage it. This is the attempt on the part of some underwriters and companies in London to compete with the American companies for what is ordinary day to day business in the U.S.—and to compete for it simply by cutting rates.

He said he believed this policy is suicidal, and that some way must be found to checkmate it. The rapid increase in the extent to which this has been done during the last several years has been due to the issuance of binding authorities from London to brokers and agents all over the U. S. This has, he said, proved unintelligent and unprofitable. He said he had not engaged in it for his London companies, nor will he ever issue a single binding authority in favor of an American broker or agent.

Two Experimental Covers

Mr. Cooke also told of two experiments now going on in London—the insurance of static property owned by large corporations against all risks, and the writing of excess of loss fire business for large U. S. corporations.

Most English law, he noted, is based on precedents created by court decisions, some of them going back into the remote past. One of these is the doctrine of uberrima fides, which means "the utmost good faith." This must be shown not only toward the insurer by insured, but also toward insured by the insurer.

From this there has developed the philosophy that the insurer is the trustee of insured's money, that he had to be a friend in time of insured's need, and that claims must be met honorably, quickly and generously. Because of this philosophy, a self discipline has grown up in the business in Britain which has made it unnecessary for outside discipline to be instituted. In his 45 years of experience in the London insurance market, no insured has found it necessary to sue any of his companies and his companies have never had to resort to arbitration in the settlement of a claim.

"It is our custom to look for reasons why losses should be paid, instead of reasons why they should not be."

Because of the rapid growth of business in America from the middle of the 19th century onward, there was need to control big business. So, as insurance developed that business was made to conform to the pattern of control. He emphasized he was not criticizing the system in the U.S. or praising that in England—the two grew up at a different pace and under different circumstances. The British system is best for Britain and the American system best for America. Undoubtedly any endeavor to promote

either system in the other country would fail.

Over the years the London market has been helpful to U. S. companies, and London has been able to write a good deal of American business. On such coverages as burglary, public liability, all risks jewelry for individuals, salesmen's floaters, jeweler's block, bridges, and others the syndicate of Cuthbert Heath, who devised many of them, and other Lloyd's underwriters offered a market for American insured because at that time there was

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"Unforeseen events...need not change and shape the course of man's affairs"



Wishing won't work

Just wishing trouble away won't work. An accident, burglary, robbery, lawsuit—any number of things could happen to you which would cost you a lot of money. No bones about it, you've got to be ready for trouble.

You've got to do something ahead of time. See your local independent agent who represents the Maryland in your community—or your broker.

He'll make sure you're adequately protected before trouble comes.

Remember: *because he knows his business, it's good business for you to know him.*

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Another striking advertisement to help build more business for the local agent or broker by dramatizing the importance of insurance to value.

N. C. Fire Field Club Goes Multiple Line

Stock Fire Insurance Field Club of North Carolina has changed its name to Stock Fire & Casualty Insurance Field Club and has opened its membership to officers, managers and field representatives of stock companies operating through the agency system for all lines except life and A&S.

J. Maurice Turner, American, chairman of the field club, announced these actions and invited representatives of stock companies to attend a meeting Nov. 18 at the Barringer Hotel, Charlotte. R. M. McFarland Jr., southeastern regional director of Insurance Information Institute, will speak on public relations.

See What Other Industries Do To Get Buyers' Dollars, Mutual Casualty Conference Is Advised

The insurance industry must engage in more sales training if it hopes to procure more than 8% of the buyer's disposable income, the American agency system section of Conference of Mutual Casualty Companies at Chicago was told. The sales and agency

conference, which was attended by 160 mutual company executives, was divided into sections for both the American agency and the exclusive agency representation systems.

The 8% figure was mentioned by Loren K. Schoephoerster, State Auto-

mobile Mutual, who was comparing the percentage of disposable income spent by the public on insurance with the 11% the public spends for vacations and recreation and the 10% on liquor, tobacco and cosmetics. He suggested that insurance men look at other industries to see how they are going about merchandising and capturing more of the disposable income. Other industries, he said, are doing a great deal of advertising and unlike all but a few fire and casualty companies, are doing considerable sales training. The few insurers that have a sales training

program have discovered what a number of other industries have known for years—that people can be trained to sell with no more difficulty than they can be taught to understand the coverages and ratings. Furthermore, sales techniques are basically the same, regardless of the item being sold.

Must Improve Attitudes

He said the best training program can be for naught if the trainees are not interested and do not appreciate the fact that there is much more they can learn about selling. To create such an appreciation, attitudes need to be changed, he said, and he outlined a few methods by which an organization could improve sales attitudes: Supply additional positive knowledge on the subject; make people aware that their attitudes on a specific subject are being considered; provide instruction on how to develop skills meaningful under the desired attitude; show enthusiasm; expose those whose attitudes could be improved to others who already have the desired inclinations and communicate both personally and by printed word, emphasizing the advantages of the desired attitude.

"Based upon my own experience in sales training with both life and fire and casualty, the life end of insurance is years ahead of fire and casualty in developing productive sales attitudes and in training people how to sell. The leading insurance merchandisers in our country have relied heavily on the life industry for sales training techniques, then adapting them to their fire and casualty operations," Mr. Schoephoerster observed. He also remarked that many outstanding attitude changing and sales training programs are of the home-study type. Correspondence course training is a thoroughly proven method of instruction. One home-study school alone has trained over 25% of all the CPAs in this country, he noted.

Sales training for special agents was advocated by Robert F. Steinke, Celina Mutual. He compared what he said was the typical field man—not too well paid, usually lacking in incentive, given little guidance, and often uncertain of his job responsibility—to his direct-writer counterpart, the district sales manager. The latter usually has proven sales experience and knows about all the company's lines and how to sell them. He usually operates from a job description, knows his pay grade, what his maximum earnings could be and what the next step up the ladder is. Today's state agent must be a technician, market analyst and a salesman, Mr. Steinke said. "He needs to be capable of selling his program to agents and to be able to train them to prospect, promote and sell."

He described a profile of a progressive, promising, modern special agent:

- He is a college graduate.
- He is under 40 years old, possibly between 25 and 35, and is married.
- He's ambitious and "hungry."
- He has a favorable appearance, speaks well, is a good dresser and has a pleasant voice and poise.
- He is aggressive and is not content to be a field man forever.
- He has the proper attitude.
- He can work with and understand figures.

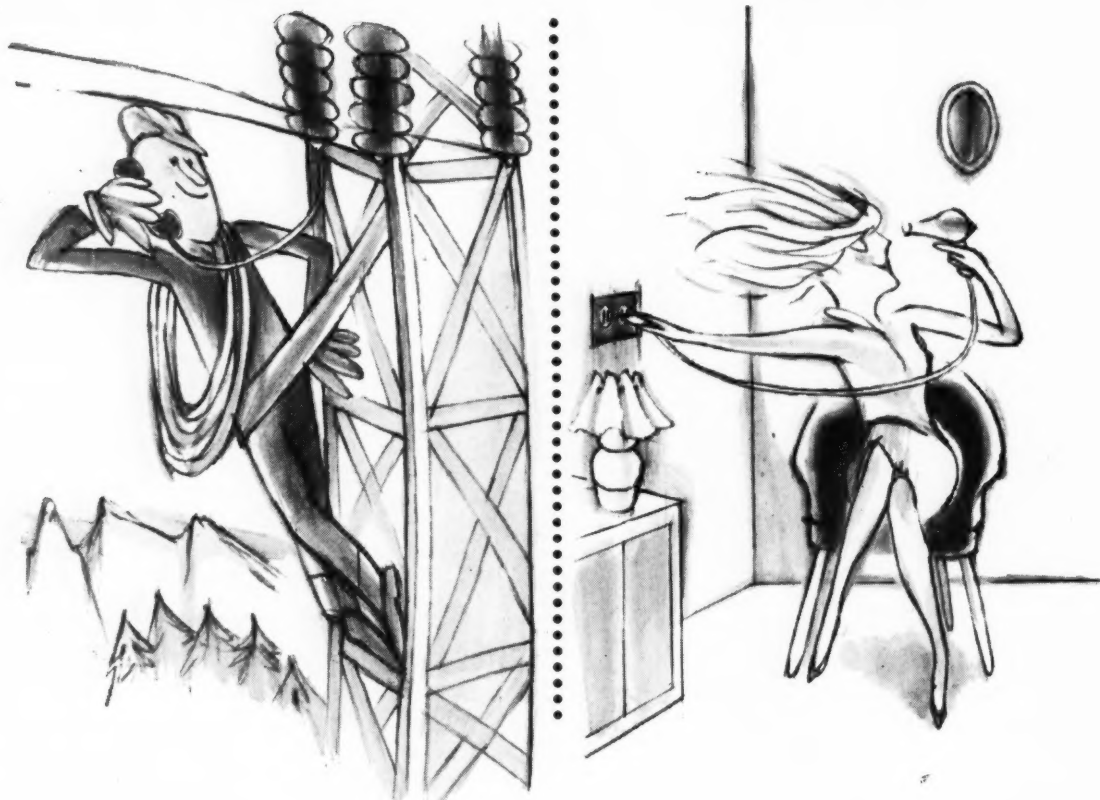
"Agents have a mild contempt for a man who tells them what to do when this man lacks experience on the firing line. If the special hasn't sold he just doesn't know. Contrast this with a direct-writer's field man," Mr. Steinke said.

As a means of developing sales special agent as a solicitor for an agent (CONTINUED ON PAGE 34)

You can count on Continental to write A&H on . . .

ANYONE

ANYWHERE



The man who works with high-voltage wires can be in a pretty hot spot . . . but not too hot for Continental. We're just as ready to write Accident and Health Insurance on high-voltage line-men as on the little lady whose closest contact with electricity is plugging in a hair dryer.

See your nearest Continental Agent or Branch Representative for complete information on any of our A & H products—Loss of Income . . . Hospital . . . Medical . . . Accidental Death . . . Travel, etc. Individual and Group coverages are available for Standard and Impaired Risks and People Over 65.

For A & H agency appointments, write to:

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A Member of the

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Transportation Insurance Company
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California Agents Hear Regulatory Bodies' Importance

SAN FRANCISCO—If free and open competition becomes an uncontrolled pattern for the insurance business, the clock will have been turned back 50 years—and all the progress since that time nullified, Porter Ellis, president NAIA, stated before the annual convention of California Assn. of Insurance Agents here.

Mr. Ellis' address was the single major variation from a meeting devoted almost entirely to a presentation by the Merrett-Adams Training Institute. However, committee reports (legislative, administrative, and agency management) were given, a business meeting was held, and the banquet drew its usual hungry adherents.

Oppose Legislative Approach

The legislative committee went on record as opposing the legislative approach to commission problems. The report noted that the association does not participate in legislative proposals dealing with A&S, or life insurance unless there is a matter of principle involved that would affect the entire industry. "Generally, we steer clear of rate matters in benefit proposals in workmen's compensation and UCD. We work strictly within our own industry."

The agency management committee report stated that the annual advanced agency management conference held by the association was its most successful. However, it recommended that more publicity be utilized, both in and out of the state, to draw even more "students."

Report On Automation

The administrative report gave a month-by-month description of the year's activities, most notable among which were a study of automation ("The industry has not begun to grasp the meaning of automation") and various points made by the association at California hearings on proposed new amendments to the assigned risk plan. ("Surcharges levied by some companies are arbitrary, excessive and therefore illegal and should be stopped; the proposed 15% across-the-board surcharge on assigned risks would discriminate against a large number of assigned risks who were in the plan solely because of their age, occupation, place of residence or other circumstances beyond their control; the proposal to limit commissions to a flat 10%, payable on the basic—uninsured—premium only, suggested thinking contrary to the traditional concepts of commissions.")

Mr. Ellis pointed out that NAIA has always supported state regulation and the various state insurance departments. He acknowledged the need for regulation and noted that the nature of the business requires the most rigid adherence to sound methods of operation. The broad scope and impact of

insurance on the country's economy and in the lives of citizens makes regulation essential.

With regards to Sen. O'Mahoney's investigation, Mr. Ellis said the "majority of the subcommittee appeared to be rather disappointed that they could not definitely recommend federal regulation of the insurance business."

Mr. Ellis said the primary purpose of the subcommittee was to concern itself with the possible violation of anti-trust laws which are designed to preserve a competitive economy. No one would oppose this general premise, he said, but there is a sharp distinction between competition within the insurance industry as opposed to various other types of business.

Mr. Ellis said Sen. O'Mahoney's rating bill for the District of Columbia would continue provision for rating bureaus, but would also allow an insurer or subscriber to a rating bureau to make use of the "fruits of the labor of the bureau and still file independently unless it specifically authorized the bureau to file on its behalf." If widely adopted, Mr. Ellis stated, one serious effect of such a provision could be the relegation of bureau functions to those of merely a statistical organization—and this apparently is the senator's and the subcommittee's view of what a rating bureau should be.

The NAIA president told the California association that rating bureaus are essential to the stability of the insurance business and must be maintained and encouraged. He referred to Hurricane Donna as a poignant example of why "the bureau service of furnishing rates compiled on the basis of statistics from many companies must be maintained if the industry as a whole is to remain solvent."

N. Y. Board Reports Sept. Losses And Amounts Up

New York board reports that fire, EC and sprinkler losses for September as compared with the same month in 1959 increased in number 1058.97% to 6,722 from 580 and increased in amount 103.63% to \$3,871,622. The 1960 figures reflect Hurricane Donna losses.

Losses for the first nine months increased in number 70.41% to 14,536 and increased in amount 9.85% to \$23,627,152.

Wash. AR Plan Elects

The new chairman of Washington Automobile Assigned Risk Plan is John D. Walker, U.S.F.&G., representing National Bureau. Other members of the governing committee elected at the annual meeting in Seattle are Lumbermen's Mutual Casualty (Mutual Insurance Rating Bureau); General of Seattle (other stock companies); State Farm Mutual Auto (other non-stock companies); Farmers Exchange (reciprocity).

E. R. Haffner, manager, said that in 1958 BI earned premiums were \$1,115,462 and incurred losses \$1,002,870 for a loss ratio of 92%. PDL earned premiums were \$800,238 and incurred losses \$495,356 for a 62% ratio.

Agent And Insurer Cooperation Needed To Solve Problems

Serious industry problems have concerned agents periodically since 1896 and are doing so today, Porter Ellis of Dallas, president of NAIA, told Arizona Assn. of Insurance Agents at its annual convention in Tucson. What is needed today are improved relations

and communications between agents and their companies, if the many current problems are to be solved satisfactorily.

Tried To Improve Relationship

For three or four years, he said, the NAIA administration consistently has followed a policy of attempting to improve the relationship. He believes relations are better today than they have been in 10 years. However, there is much room for improvement, and one of the prime purposes of his ad-

(CONTINUED ON PAGE 39)

LIFE COMPANY ESTABLISHING FIRE-CASUALTY AFFILIATE MANAGER \$22,500

This is the type of position we are constantly receiving inquiries about. A large number of Multiple Line executives recognize the very broad position and salary potential with the right calibre Life Company establishing a running mate.

The Company—rapidly approaching a billion dollars in force, in business over twenty-five years, extremely good management. Located in excellent living area in city with population under 600,000.

Employers specifications: The Company is very exacting and are interested only in men with the following background: Age to fifty. College background, desirable but not mandatory. Insurance: Must have a minimum of twelve years Home Office administrative experience, thoroughly conversant with either all Casualty lines and above average perspective into Fire or vice-versa. Proven administrative background more important than production experience, which is also desirable.

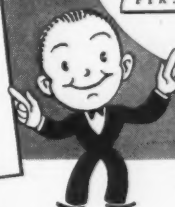
Confidential handling of all inquiries guaranteed. Employer pays 100% of moving expense, service fee, etc. Hundreds of other comparable listings available all areas of the country. Write for "HOW WE OPERATE". No obligation to register.

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Mutual Agents Offer More

More rapid claims settlement . . .
More attention to coverage needs . . .
More protection in the proper form . . .
Independent agents with the Holyoke Mutual can offer all of these, plus the confidence and service of the Holyoke Mutual's century of dependability.



WRITE today for a valuable agency appointment

HOLYOKE MUTUAL FIRE INSURANCE COMPANY

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Phone WOrth 4-1981

REINSURANCE

CONSULTANTS AND INTERMEDIARIES

"We Are What We Do"

R&S Opens Computer Center For Insurers

Recording & Statistical Corp. has established a computer center at 100 Sixth Avenue, New York, designed to furnish insurance companies with a centralized, economical facility for electronic data processing. The large Univac computer system has been installed to provide full flexibility in handling insurance data. The computer operation is completely integrated with the R&S punched card division at the center.

In addition to the large computer,

the center facilities include converter equipment and a high speed printer.

John W. McDonald, vice-president of R&S, is in charge of the center. With the organization since 1958, Mr. McDonald was formerly general manager of the business services department of Remington Rand. He has had broad experience in methods, systems, management consulting and other phases of business services. Assisting him at the center is a staff of 20 experts in electronics, insurance systems, tech-

nical procedures and programming.

R&S points out that some insurers have undertaken electronic programs, only to encounter heavy expense and unforeseen complications which required immediate and broad changes in internal operations. Other insurer managements, now considering electronic processing, wish to avoid these complications and unnecessary expense. The new R&S center has been designed to meet their needs at a cost which makes available to companies, large or small, a service specifically set up to keep them in a competitive

position under present demanding conditions.

Any company's present equipment can be integrated with R&S computer techniques to obtain maximum performance from both. For example, under the new R&S concept of flexible data it is often advantageous to pre-process work on punched cards, or to process data in the computer only up to a selected point, and then reconvert the data to cards and complete the reports on tabulating equipment.

R&S believes that the center services place many important advantages within reach of the individual insurer:

1. It can avoid capital investment for purchase or rental of a computer or any equipment beyond present facilities. In fact, equipment may be reduced.
 2. It need not hire or train specialized personnel and incur payroll and fringe benefit expenditures.
 3. It avoids electronic personnel turnover—a major problem.
 4. It avoids major changes in present data processing procedures.
 5. It minimizes or eliminates the expense of basic programming. This is performed by R&S. Most basic programs have been completed. These include state summaries, reserves, annual statement requirements, in force and unearned premiums, and agency experience and production.
 6. It reduces processing time to a fraction of the normal and obtains more and better information for vital management decisions. It also benefits from other data, previously unavailable due to the impracticality or high cost of producing it from punched cards.
 7. It can call on the "round-the-clock" services of the R&S staff.
 8. It can use the computer on an "as needed" basis only. Costs are determined before work is put into production, and only productive computer time is charged.
 9. Finally, a company wishing to do its own programming can use the center services in two ways. It can have its own operators utilize center equipment under R&S supervision or it can take advantage of the complete facilities on a stipulated hourly basis.
- At the center R&S maintains modern accommodations where company executives and members of their electronic staffs may attend seminars and discussions of their specific problems. Charts, chalk boards, illustrations and other audio and visual aids to demonstrate practical solutions to individual questions on electronic processing are available. All discussions can be geared to a particular company's needs, since the center is designed to serve all types of insurers, regardless of size.

**Where a handshake
is as good as
a contract**

**COMBINED
INSURANCE COMPANY
OF AMERICA**

Service, Strength, and Security are three of the foundation blocks on which the Combined Group of Companies have been built.

Another important block in this structure is *Integrity*. All the desirable things this word implies are in every facet of our business—with agents, our policyholders, with everyone.

General Agents who represent us have Combined Agency Contracts. Yet, quite a few began their Combined careers on the strength

of a handshake.

Many new success stories will be written into Combined's history this year. Men who have sold accident and health with ordinary results will move up to extraordinary success with Combined.

Now would be a good time for you to look into the advantages you can enjoy today and far into the future, representing one of the growing, prospering companies in the Combined Group.

COMBINED GROUP OF COMPANIES

W. CLEMENT STONE, PRESIDENT

Combined Insurance Company of America, Chicago;
Combined American Insurance Company, Dallas
Hearthstone Insurance Company of Massachusetts, Boston
First National Casualty Company, Wisconsin

**HARTFORD'S
ONLY
PROFESSIONAL
REINSURANCE
COMPANY**

**FIRE, MARINE,
ALLIED CLASSES**

**METROPOLITAN
FIRE ASSURANCE
COMPANY**

J. B. CARVALHO, President
95 WOODLAND ST., HARTFORD 5, CONN.

Mo. Agents Elect Lakeman President At 61st Convention

By JAMES C. O'CONNOR

JEFFERSON CITY—Missouri Assn. of Independent Agents held its 61st annual convention here last week and elected William K. Lakeman, Perryville, president, succeeding G. E. Jennings, St. Louis. M. S. Fogel, Kansas City, was named vice-president, and H. T. Vogt, secretary-treasurer. L. L. Winter, Jefferson City, was reelected state national director.

Mr. Jennings and O. D. Prowell, St. Louis; J. R. Garr, Kansas City; W. B. Pickett, Shelbyville, and J. R. Stillington, Independence, were reelected to the board. New directors are Eugene Strauss, Kansas City; Don Tilton, St. Joseph; George Biendiek, Carthage; Joseph Webb, East Prairie, and John Henchke, St. Louis.

Has 641 Members

The association is in good shape, with 641 members, 35 having been added during the past year. Financially, it operated in the black, but Mr. Fogel, in his treasurer's report, said that the margin is too thin for safety and the association must consider raising dues, as an alternative to reducing its services. Mr. Winter reported that the \$25,000 quota for the National Assn. of Insurance Agents advertising campaign was raised last year, with approximately half the members contributing, and he is optimistic about the 1961 campaign. The NAIA film explaining the campaign was shown during the meeting.

The Missouri agents are pleased with the present casualty rating law and will resist attempts to substitute a law of the all-industry type, J. A. Worley, St. Joseph, reported. He asked for support of proposed legislation increasing brokers' license qualifications, saying that this law, if passed, will eventually lead to more stringent agent requirements. Mr. Prowell reported at the same session that Superintendent Leggett had asked the agents for their opinions on a proposed law authorizing deviation filings. He said that he personally was in favor of this and at present Texas is the only state, other than Missouri, which does not have this feature.

Provides Course Assistance

Assistance to insurance courses at University of Missouri is a prime activity of the public relations committee, of which J. A. Leslie of Sikeston is chairman. The association, with the aid of other contributions, awards an annual \$500 scholarship to the highest ranking student majoring in insurance. Both this year's winner, R. D. Boyer, Memphis, Mo., and last year's F. V. Summer, Brookfield, were guests at the Monday luncheon.

Mr. Leslie reported that, to coordinate the educational efforts of many individuals and groups, the Missouri Independent Insurance Agents Education Foundation has been incorporated, with himself and four other agents as trustees. Pending an internal revenue service ruling, only a few contributions have been accepted, but, if there is a favorable ruling on its tax-exempt status, which cannot be earlier than next August, gifts from members and others will be solicited.

M. V. V. White, Allentown, Pa., former NAIA executive committee-

(CONTINUED ON PAGE 13)

Indiana Agents Ready Program For 62nd Annual

Indiana Assn. of Insurance Agents will hold its 62nd annual convention, Nov. 14-16, at the Claypool Hotel in Indianapolis.

A legislative workshop will be held the first morning and following the luncheon, Dave Johnson, Pensacola, Fla. will give the keynote address, "Keys To The Sixties." "Sell More With Monthly Payments" will be discussed by George Faunce III, president Afco, and Indiana Capital Stock Insurance Assn. will present a "stump the experts" panel. The local board officers dinner and conference, courtesy Hoosier Casualty, is the evening's feature.

President's Report Scheduled

The second morning contains the president's annual report; committee appointments; Porter Ellis, president National Assn. of Insurance Agents; J. Carroll Bateman, general manager Insurance Information Institute, and George E. Gullen Jr., American Motors. The 1961 advertising program and the annual business meeting highlight the afternoon session, with the banquet scheduled for that evening.

The final morning contains a panel presented by Indiana CPCU chapter, "The Incomprehensiveness of Comprehensive Liability Insurance," and two addresses: I. A. Rosenbaum Jr., Meridian, Miss., and Indiana Commissioner Ashley.

G. Herbert True, Institute of Visual Research, is the final luncheon speaker, his topic being "What Is Your Creative I.Q.?"

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We're adding another "S" to TRIPLE-S to make it the **SENSIBLE WAY** for the Independent Agent to sell more **INSURANCE COVERAGE**

The Triple-S Budget Payment Plan, initiated by Ohio Farmers Companies just 3 months ago, has exceeded even our greatest expectations. So we went out into the field and asked agents why. And time after time they said, "it's easier for us to sell — it's the SENSIBLE way to sell." So we suddenly realized we had missed what is perhaps the most important S of all — "The SENSIBLE way." So, we're adding another S and a new name, too.

Ohio Farmers 4-Star Budget Payment Plan.



... Streamlines your office procedures.
... Your working capital ... reduces accounts receivable.
... Your prospects with strong selling points.
... To sell more insurance coverage

Ohio Farmers Companies

OHIO FARMERS INSURANCE COMPANY—CHARTERED 1848
SUPERIOR RISK INSURANCE COMPANY—LE ROY, OHIO



Smith Cites N. Y. Sales Opportunities

Kenneth O. Smith, general manager New York Fire Insurance Rating Organization, outlined unlimited sales opportunities for insurance producers in his talk at the downstate regional meeting of New York State Assn. of Insurance Agents. Nearly 1,000 agents and company representatives heard his analysis of opportunities open to New York producers and their principals.

Mr. Smith noted that in addition to new construction, new retail and serv-

ice establishments and new factories, there have also been inflationary influences at work during the period from 1951-1958 which he selected for review. According to the Department of Commerce, construction costs increased 21.3%, using 1947-1949 averages as a base. In that same period the Department of Labor consumer price index rose from 111 to approximately 124.

Assuming equal weight for these two federal indexes, then construction

costs and consumer prices in 1958 were 16.3% higher than in 1951.

However, as to construction costs, some appraisal charts show an increase of as much as 34% for that period, compared with the conservative 21.3% figure of the Department of Commerce. If the combined figure of 16.3% of federal indexes is accepted as reasonable, then the inflationary influences on the values of real and personal property should be added to the economic growth cited, and agents have additional prospects among clients whose property values must be

adequately protected, Mr. Smith noted.

Mr. Smith said this all sounds "simple" and to be expected as a natural result of the inflationary pressures and economic growth of recent years. However, the record of companies' premium volume written in New York in the period discussed does not follow the trend in the various indexes mentioned. The combined federal construction cost and consumer price indexes showed an increase of 16.3% from 1951 to 1958. There was an average of \$976,800,000 per year spent in New York on new construction for non-residential buildings in the same period.

Estimate Additional Premiums

The additional premiums expected from such economic growth have been conservatively estimated at 13.3% for the period. The influence of the combined inflationary pressures and economic growth in premiums may be estimated at approximately 30% in New York. However, written premiums in New York for stock and mutual companies for the non-residential classes increased only 18.4% in the same time. The stock agency companies increased their writings by only 14.3%.

Mr. Smith noted that he is not a salesman, but he consulted several professional agents for their opinion on prospecting. They told him that the tool they use to recognize the inflationary influences is account selling. Each agent stressed the importance of gaining the confidence of insured. The business man gets his medical care from his doctor, his legal advice from an attorney and will put his insurance needs in the hands of a professional. Agents should not ask a business man for a "piece" of his insurance. To do a professional job, they should consider the client's total insurance needs.

General Of Seattle Holds Agent Sales Rallies In West

The central division of General of Seattle group held two-day conventions in French Lick, Ind., Oct. 10 and 11 and in Excelsior Springs, Mo., Oct. 13 and 14. C. H. Rasmussen, resident vice-president, presided at the meetings, each of which drew an attendance of more than 225 agents.

The programs, two of a series of five being conducted in different parts of the country, stressed new product ideas, agency-company relationships, and sales.

President W. L. Campbell, Mr. Rasmussen, and Walter H. Perry, divisional sales manager, welcomed the guests. Also in attendance were Gordon Sweany, vice-president and general counsel, and Vice-Presidents Kelly Waller, sales; John Scurry, commercial auto-casualty; W. D. Gulliford, commercial fire-marine; and Harold Pigott, commercial lines.



"NOW GENTLEMEN, LET'S MOVE ON TO THE BOILER ROOM!"

It's the heart of your business. When something goes berserk in this critical area, you may be in for a serious loss—property, liability, even profits during a shutdown.

Why take chances when Boiler and Machinery Insurance in a company of the America Fore Loyalty Group gives your business these strong safeguards:

- A thorough and penetrating study of your

- power units by skilled technicians.
- Protection that is fitted by experts to the specific needs of your business.
- Regular inspections to minimize the chance of trouble in the future.

This is professional protection—the best that money can buy. Talk it over with your America Fore Loyalty agent or broker.

America Fore Loyalty Group

The Continental Insurance Company • Firemen's Insurance Company of Newark, New Jersey • Fidelity-Phenix Insurance Company
 Niagara Fire Insurance Company • The Fidelity and Casualty Company of New York • National Ben Franklin Insurance Company of Pittsburgh, Pa.
 Milwaukee Insurance Company of Milwaukee, Wis. • Commercial Insurance Company of Newark, N. J. • The Yorkshire Insurance Company of New York
 Seaboard Fire & Marine Insurance Company • Niagara Insurance Company (Bermuda) Limited • Royal General Insurance Company of Canada

Are You a Boiler Room Habitue?

Or do your clients find it necessary to place their Boiler and Machinery Insurance with your competitor?

Agents who represent the America Fore Loyalty Group enjoy the services of Boiler and Machinery experts—men thoroughly trained in customer relations, analyzing problems, making inspections and adjusting claims.

It gives them a big advantage in a very important market.

THE OLDEST INSURANCE COMPANY IN THE WORLD



55 FIFTH AVE., NEW YORK

Insurance Is A Partner In U. S. Business, Smith Tells Arizona Agents

If the insurance industry went on strike for just one week, some of the results would be:

One hundred and nineteen thousand new cars and 300,000 used cars would not be sold. Twenty-seven thousand new homes and multiple dwelling units would not be started. A billion dollars of business loans would not be made. Eight thousand one hundred new businesses would not be started. Eight thousand burned-out homes and gutted business places probably could not be repaired.

Speaking before the annual convention of Arizona Assn. of Insurance Agents, Myles W. Smith, Pacific coast regional director Insurance Information Institute, said these estimates were developed from business figures for 1959 published by U. S. Department of Commerce. He told the agents these results would take place because property and casualty insurance is a "necessary factor in almost every business transaction in America today.

"But, of course, insurance does not fold up and quit," Mr. Smith reminded the agents. "It does not go on strike. Agents are always available for service and counsel. One company or another will provide a market for almost any risk. A word or two spoken over the phone by a reliable agent to a good company is all that is needed to start the protection on a new house or a shopping center.

Can't Afford To Be Unknown

"The insurance industry, its agents and its companies, can no longer afford to be the great unknown in our economic society. We can no longer afford to be the patsies for every half-baked criticism a fellow business man, a politician or an editor may want to voice. Our most effective defense against such attacks—whether they be casual, or politically inspired—is to tell our own story effectively and repeatedly.

"We have much to tell and what we have to say should all be tied into our basic public relations objectives. These purposes, these objectives, these basic public relations goals can provoke no honest quarrel or contention. They are all in the public interest.

He listed these objectives as wanting the public to recognize that:

—The insurance industry provides financial protection in time of peril in return for a reasonable profit.

—Such protection provided under the policy is completely reliable and not a matter of caprice.

—Insurance protection encourages individuals and businesses to grow and progress so that the entire country benefits.

—Rates charged for such protection must reflect the size and volume of losses.

—An independent, hometown agent is best qualified to advise and counsel a client on his insurance needs.

—Free, competitive enterprise has been and will continue to be the strongest and most economic way to provide the nation with insurance protection.

Safety Group Elects

National Assn. of Safety & Claims Organizations, at its annual meeting Oct. 15 in Chicago, elected William S. Haines, Safety & Claims Service, Chicago, as president; L. G. Chandler, South-West Safety & Claims Service,

Tulsa, vice-president; R. L. Kautz, R. L. Kautz & Co., Los Angeles, vice-president, and P. H. Schindler, Underwriters Safety & Claims, Louisville, executive secretary.

The outgoing president is D. C. Burgess, Associated Safety & Claims Services, New York.

National Fire Names Jones And Acton In Oklahoma

W. G. Jones has been promoted to state agent and M. A. Acton has been appointed special agent in Oklahoma by National Fire.

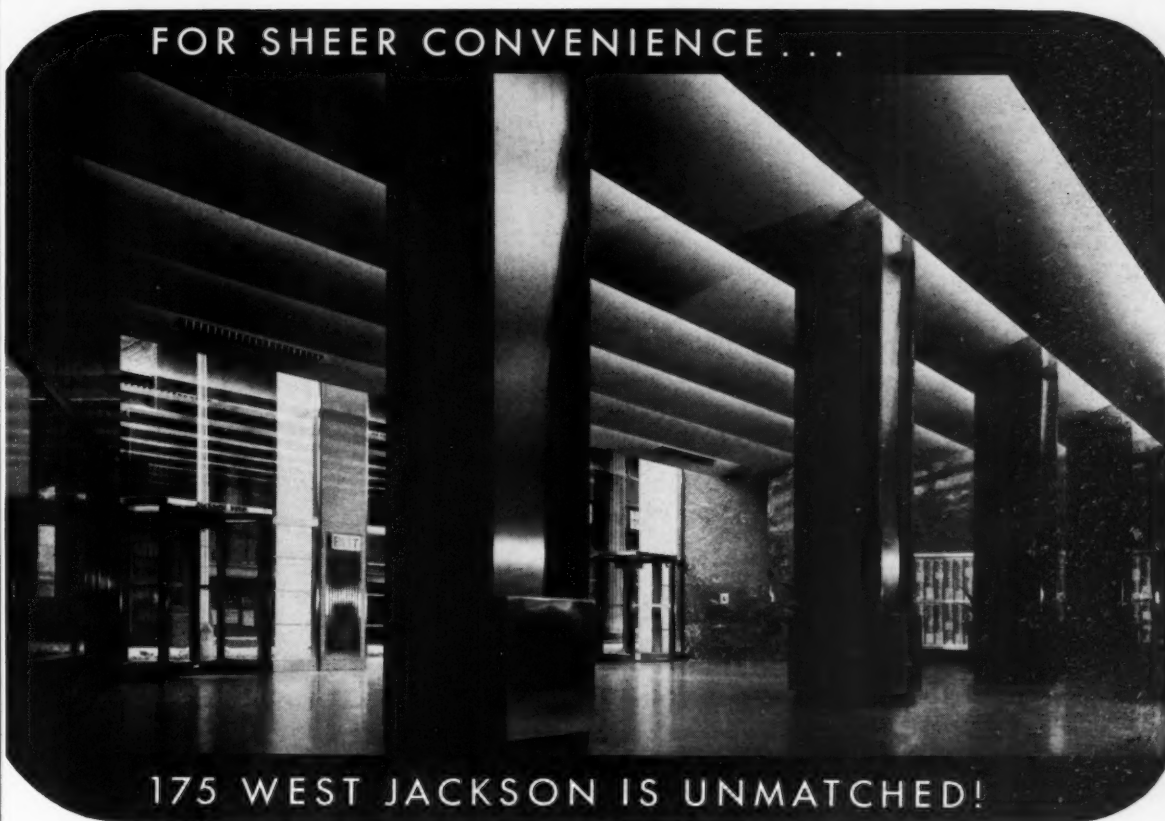
Mr. Jones attended Oklahoma A.&M. and had his own agency at Stillwater from 1946 until 1950 when he went with another company as Oklahoma special agent. He joined National Fire in 1957. Mr. Acton, a graduate of Central State College, traveled Oklahoma for another company from 1956 to 1959, at which time he went into the agency business in Pawhuska, Okla. Before joining National Fire he traveled Oklahoma as field supervisor for a general agency.

The first tape-oriented IBM 7070 electronic computer system to be put into use in the insurance industry was installed in the Chicago head office of Zurich last week. The new computer will replace the dual 650 computer system which was put into operation in 1956. The 7070 will handle recording of all new business, billing of meritmatic auto and meritmatic homeowners, and issuance of commission statements. It can scan 75 inches of tape, or 41,700 characters of information, per second. Each reel of tape can hold 20 million characters, about 6 minutes of scanning time.

Neville Pilling, chief executive of Zurich, said, the company had originally intended to delay installation of the 7070 until moving into its new quarters, now under construction, next summer, but the increase in sales, especially coverages, necessitated sooner action.



FOR SHEER CONVENIENCE...



175 WEST JACKSON IS UNMATCHED!

Tenants of Chicago's largest Office building who drive down find ample parking facilities within a block. For those using public transportation the "L" and various buses are available near the building entrance; the subway system and Suburban Railway Stations can be reached through a brief walk.

The lobby stores and shops offer almost anything a tenant might want—a facility doubly appreciated on rainy days. With all this convenience, the tenant has the prestige of an address famous throughout America. Space inquiries are invited from firms seeking ideal Chicago location.

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America's Greatest Insurance Building

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Concern Over Costs Dominates Meeting Of Council On Employee Benefit Plans

By WILLIAM MACFARLANE

NEW YORK—If there was one overriding issue that monopolized discussion at the annual conference of Council on Employee Benefit Plans here, it was the problem of costs—how to keep them down, what the company paying the bills can do to prevent their rising, and if they must

within reasonable, manageable limits.

The council, which was created 14 years ago to stimulate the development and to improve the handling of sound, progressive employee benefit plans in American business, is made up of administrators of such plans of some 60 companies from a variety of industries. One insurance company—Aetna Life—is a member.

One example of how concerned this specialized group is with the price of the products its members are responsible for—many of which are provided by insurance companies—is their attitude toward the use of the phrase "fringe benefits." On several occasions throughout the two-day meeting at the Hotel Commodore, speakers qualified their use of the term, pointing out that at one time "fringe" might have been an appropriate adjective to describe what was in years past an inconsequential cost of operation.

Today, however, many speakers de-

clared, so-called fringe benefits such as A&S and life insurance, pension and profit-sharing plans for employees are an extremely important part of the cost of doing business, and growing in both importance and cost to industry with each passing year.

Group A&S An Issue

What assurances did these benefit plan administrators receive from representatives of the insurance business to the effect that costs of group life and A&S would be held in line? In this area, group A&S occupied the center of the stage.

N. E. Horelick, 2nd vice-president, group division, of Equitable Society, addressing the meeting, said present trends suggest continued rising hospital-medical insurance costs.

James E. Stuart, president of Blue Cross Assn., forecast that although the scope of Blue Cross benefits will continue to increase, so will utilization and, therefore, the price of the service provided. Later, during a question and answer period, Mr. Stuart was asked what he thought about the future of deductibles and coinsurance in Blue Cross as a means of keeping down utilization.

Hopes Popularity Will Lessen

He said that he hoped their popularity among Blue Cross plans would lessen in the future. He saw the problem as one of extending the benefits of basic Blue Cross plans so that deductibles and coinsurance would become less and less necessary.

When further queried on his opposition to deductibles and coinsurance, Mr. Stuart said he was against them in Blue Cross plans because it had been his experience that they do not cut costs over the long haul. They help control utilization for a while, he said, and then subscribers who are hospitalized, realizing that they will

(CONTINUED ON PAGE 40)

Bureau Auto Plan In W. Va.; Rates Revised There And In Minn.

National Bureau and National Automobile Underwriters Assn. have introduced their special policy and safe driver plan in West Virginia. The program is similar to that in Connecticut.

National Bureau has also increased private passenger liability rates 10.3% and rates on broad coverage garage risks 20.9%. The special program and the rate increases are effective Nov. 1.

In Minnesota, National Bureau has increased auto liability rates 5.3% on commercial cars and 22.5% on broad garage risks. NAUA has raised private passenger comprehensive rates an average of 4%. On private passenger cars the \$50 deductible rates have been lowered by 5% statewide and \$100 deductible have been increase 2.5%. Fire rates on commercial cars are down 10%. Collision rates on commercial are up 7% on commercial cars operating within a 50 mile radius and are down from 10% to 20% on cars operating beyond that. All changes in Minnesota are effective Oct. 26.

MANAGING GENERAL AGENTS

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Security Insurance Company of New Haven
Connecticut Indemnity Company
Founders' Insurance Company
Fire & Casualty Insurance Company of Connecticut
Security-Connecticut Life Insurance Company

Mo. Agents Elect Lakeman President

(CONTINUED FROM PAGE 9)

man and now chairman of the NAIA special committee on federal affairs, made a tremendous hit at the crowded Monday luncheon. He described the series of situations in Washington which have called for special efforts by the national association and closed his talk with a plea to agents to keep their communications with their companies open. Some agents can use innovations like direct billing and continuous policies to advantage, some cannot, but Mr. White urged patience, forbearance and an end to recrimination on all sides.

All Problems Common

J. A. Buford, Kansas City, state agent Hanover, set the tone of the meeting in his opening talk. He said that the full personality of the agent—not just some vague idea of “service”—is the identifying quality of the independent agent. It is a mistake, he said, to go to extremes in competition, because the failure of any segment of the business to meet its obligations hurts all others. There is no such thing as a company problem or an agency problem; all problems are common. Like Mr. White, he urged that communications be kept open at all times.

Phillips Huston, Indianapolis, editor Rough Notes Co. visual selling service, said that his company's 10 years experience with visual materials show that the visual technique has four advantages for producers. It makes speedier sales, helps the producer adapt to the series of bewildering changes, helps conserve business by making the sale better remembered and helps attract desirable young recruits. Showing a homeowners policy, Mr. Huston pointed out that its 96 inches of type look uninspiring for an expenditure of \$300 to \$400 and then showed how visual material can show a prospect what he gets for his money in a much more appealing way.

A strong multiple line flavor was added to the meeting when M. B. Simms, Chicago, director multiple line development Continental Assurance urged the agents to “come to life.” He

said that the four major problems of the independent agent are lack of selling time, increasing overhead, reduced commissions and competition, and he showed how the sale of life insurance helps solve each of these difficulties.

J. C. O'Connor, Cincinnati, secretary the National Underwriter Co. and executive editor Fire, Casualty & Surety Bulletins, discussed the personal insurance scene. He said that, after a year's trial in a number of states, automobile merit rating appears to be successful in that it has saved and gotten business for agents, though distortions in its application are apparent and it seems obvious that adjustments are on the way. Don Logan, Kansas City, manager Fireman's Fund, described the operations of Insurance Information Institute at the “early bird” breakfast Tuesday and asked for cooperation from agents. At the same session, E. F. Gallagher, manager Chicago Board of Underwriters, reviewed the chaotic developments of the 1950s and predicted continuance of many of the trends.

The final session Tuesday morning was devoted to a thorough discussion of homeowners coverages by Prof. C. F. Elliott of University of Nebraska. At the closing luncheon, Attorney-General J. M. Dalton, who is a candidate for governor, installed the new officers and Dr. R. J. Samp of Madison, Wis., spoke on “do-it-yourself” health plans.

Reject WC Hike In Tenn.

Commissioner Long of Tennessee has rejected a request by National Council on Compensation Insurance for a 7.9% workmen's compensation rate increase. He said it appeared that the proposed increase did not give full recognition to increased rates effective Sept. 1, 1959, or to the allowance for the change in WC benefits, effective July 1, 1959.

FIVE-DAY EXPENSE-PAID CONFERENCE



SPRINGFIELD representatives will enjoy an expense-paid, five-day meeting at the fabulous Americana Hotel, Bal Harbour, Florida, in January, 1962. Find out how YOU can qualify for this exciting meeting through sales of Health and Accident, Life and Homeowners. Write to: *Director of Sales, Springfield Fire and Marine Insurance Co., Springfield 1, Mass.*



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Liquor Liability

Retrospective Contracts

(a) Physical Damage

(b) Auto Liability

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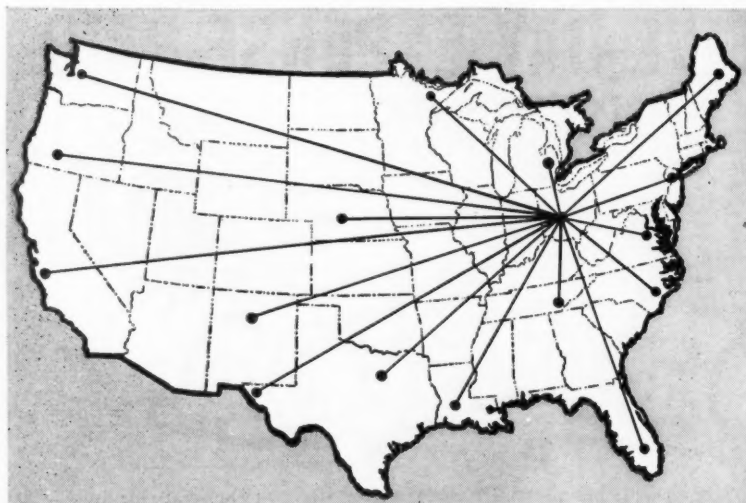
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Preferred Risk Mutual Has Cancel-Protection

Preferred Risk Mutual of Des Moines which offers auto insurance exclusively to abstainers from alcohol, has introduced a cancel-protection endorsement which gives written assurance to certain qualified policyholders that the company cannot cancel and cannot refuse to renew liability coverages because of accidents. The endorsement has a five year term, and is renewable for another five years at the end of each term.

The cancel-protection feature operates in connection with Preferred Risk Mutual's merit rating plan which allows discounts for accident-free driving up to a maximum of 25%. The cancel-protection endorsement will be added, at no extra cost, to the policy of each policyholder qualifying for the 25% merit discount. New policyholders who qualify will be covered by the new endorsement after their insurance has been in force for 90 days.

The endorsement is subject to three conditions: Premiums must be paid when due; policyholder and all members of his household must remain total abstainers for the term of the policy; there must have been no material misrepresentation made at the time insurance was obtained.



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Conventions

Nov. 9-11, Insurance Section, American Management Assn., fall conference, Drake Hotel, Chicago.
Nov. 10-11, Central Claims Executives Assn., Morrison Hotel, Chicago.
Nov. 13-15, Kentucky agents, annual, Kentucky Hotel, Louisville.
Nov. 14-16, Indiana agents, annual, Claypool Hotel, Indianapolis.
Nov. 16-18, Casualty Actuarial Society, annual, Statler Hotel, Washington, D.C.
Nov. 21-22, Illinois mutual agents, annual, Pere Marquette Hotel, Peoria.
Nov. 28-Dec. 2, National Assn. of Insurance Commissioners, regular meeting, Commodore Hotel, New York.
Nov. 30, Insurance Federation of New York, annual luncheon, Waldorf-Astoria, New York City.
Dec. 1-2, Conference of Mutual Casualty Companies, accounting & statistical, office methods & personnel meetings, Conrad Hilton Hotel, Chicago.
Dec. 1-2, Insurance Advertising Conference, midyear, Statler-Hilton Hotel, Washington, D. C.
Dec. 28-30, American Assn. of University Teachers of Insurance, annual, St. Louis.

1961

Feb. 9-10, Conference of Mutual Casualty Companies, fire conference, Conrad Hilton Hotel Chicago.
Feb. 13-15, Health Insurance Assn., group insurance forum, Biltmore Hotel, New York City.
Feb. 22-24, Michigan agents, midyear, Statler-Hilton Hotel, Detroit.
March 9-11, Tri-State mutual agents of Pennsylvania, Maryland & Delaware, annual, Penn Harris Hotel, Harrisburg.
March 12-15, National Assn. of Mutual Insurance Agents & Texas mutual agents, combined midyear, Shamrock-Hilton Hotel, Houston.
March 13, Rhode Island agents, midyear, Sheraton-Biltmore Hotel, Providence.
March 14, New Jersey agents, midyear, Cherry Hill Inn, Haddonfield.
March 17-18, Mississippi mutual agents, annual, Edgewater Gulf Hotel, Edgewater Park.
March 23-24, Conference of Mutual Casualty Companies, underwriting conference, Conrad Hilton Hotel, Chicago.
April 17-18, Ohio mutual agents, annual, Neil House Hotel, Columbus.
April 17-19, National Assn. of Insurance Agents, midyear, Philadelphia.
April 20-21, Southern Claims Conference, annual, Dinkler-Plaza Hotel, Atlanta, Ga.
April 23-27, American Assn. of Managing General agents, annual, Camelback Inn, Phoenix.
May 3-5, Casualty Actuarial Society, midyear, Concord Hotel, Kiamesha Lake, N. Y.
May 4-5, Conference of Mutual Casualty Companies, claim conference, Conrad Hilton Hotel, Chicago.
May 7-9, Alabama agents, annual, Russell-Erskine Hotel, Huntsville.
May 7-9, Virginia & D. C. mutual agents, annual, Williamsburg Inn, Williamsburg.
May 7-10, New York State agents, annual, Syracuse Hotel, Syracuse.
May 8-10, Health Insurance Assn., annual, Biltmore Hotel, New York City.
May 9, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria, New York City.
May 12-13, Mountain States mutual agents, annual, Harvest House, Boulder, Colo.
May 14-16, Iowa agents, annual, Savary Hotel, Des Moines.
May 14-17, Insurance Accounting & Statistical Assn., annual, Biltmore Hotel, Los Angeles.
May 17, National Assn. of Independent Adjusters, Sheraton Towers Hotel, Chicago.
May 18-19, Arkansas Agents, annual, Arlington Hotel, Hot Springs.
May 18-20, Texas agents, annual, Galveston.
May 22, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.
May 22-24, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.
May 25, National Board of Fire Underwriters, annual, Commodore Hotel, New York City.
June 4-9, National Assn. of Insurance Commissioners, annual, Bellevue Stratford Hotel, Philadelphia.
June 12-14, International Assn. of A. & H. Underwriters, annual, Waldorf Astoria Hotel, New York City.
June 15-16, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.
June 15-17, Georgia agents, annual, General Oglethorpe Hotel, Savannah.
June 18-21, Conference of Mutual Casualty Companies, management conference, Hershey Hotel, Hershey, Pa.
June 26-28, Virginia agents, annual, The Homestead, Hot Springs.
June 29-July 1, Florida agents, annual, Fontainebleau Hotel, Miami Beach.
July 4-6, International Assn. of Insurance Counsel, annual, Queen Elizabeth Hotel, Montreal, Canada.
August 6-10, Honorable Order of the Blue Goose, annual, Statler Hotel, New York City.



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National Casualty Promotes Eberhard, Dulapa, Four Others

National Casualty has made a number of promotions at its home office.



L. P. Matthews

alty sales and former assistant vice-president, and J. D. Aldinger Jr., of the reinsurance department.

L. P. Matthews, director of A&S agencies, and L. B. Mullins, superintendent of group A&S, have been promoted from assistant secretary to vice-president.

Mr. Dulapa joined the company in 1950 as assistant auditor and chief ac-



R. L. Sias



C. W. Eberhard

countant; Mr. Sias in 1951 as agency supervisor, casualty division; Mr. Matthews in 1937 as assistant agency supervisor, and Mr. Mullins in 1937 in the group department. Mr. Aldinger joins the company after 20 years of experience elsewhere.

American Casualty Has New In-Hospital, Guaranteed Renewable Income Plan

American Casualty has added a guaranteed renewable in-hospital income policy to its portfolio.

While the policy is available with basic hospital coverage, it was primarily designed to supplement existing hospital or group coverage by providing income during the time the insured is hospitalized.

Guaranteed renewable for life, with no deductibles, the policy may be issued to children from age 30 days through 17 years, and to adults ages 18-59. Benefit period runs to 26 weeks, except when the insured is over 65, when the period is limited to 13 weeks. Individual and family plans are available. Under the family plan full benefits are also provided for maternity.

Advance Bruce In Pa.

Boyd Bruce has been advanced by Phoenix of Hartford from special agent to state agent in eastern Pennsylvania. He joined the company in 1951 as special agent there and will continue to make his headquarters at Philadelphia.

Hold Marketing Seminar

Harleysville Mutual group recently held a marketing seminar for its special agents and general agents. Russell Carter, senior partner of Gray & Rogers advertising agency, spoke on

"Corporate Image," and Carl Strong, director of insurance programs, Michigan State University, on agency training and motivation.

Zurich is reducing rates on its economy auto plan in Kansas and Oregon as of Nov. 1. Meritmatic coverage will cost 20% less for comprehensive in most of Kansas and 20% less for collision throughout the state. In Oregon there is an average 28% reduction for comprehensive and 25% for collision in most territories.

Pacific Finance Forms Third Fire, Casualty Subsidiary—Spartan

Spartan Ins. Co. has been formed as a new subsidiary of Pacific Finance Corp. in the fire and casualty field.

Spartan, which will concentrate on the writing of affiliated business is the company's third fire and casualty insurance subsidiary. Olympic Ins. Co. was formed in 1944, and Marathon Ins. Co. in 1946. Directing operations of both Spartan and Marathon as vice-

president and manager is John E. Chambers, who has been in charge of the division's agency operations.

The new company will write automobile physical damage, liability, fire, and inland marine.

Two Join Hylant-MacLean

Walter W. Daniels and Edwin C. Fallsgraff Jr. have joined Hylant-MacLean, underwriters of Toledo, as property manager and casualty manager, respectively. Mr. Daniels has been with Hartford Fire and Aetna Fire; Mr. Fallsgraff, with North America.

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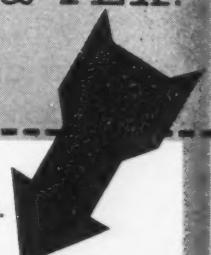
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FREE Booklet



Tells Proper, Improper Functions Of Nonadmitted Market

(CONTINUED FROM PAGE 5)

no market for them in the U.S. As the new classes became stabilized, American underwriters were still handicapped by restrictions imposed by governmental controls.

In the late 1920s someone in the U.S. discovered that almost all of these new coverages contained an element of transit and appropriated the term inland marine. Even then, American companies lacked sufficient under-

writing experience in the new fields. Because of this the pattern of cooperation between the American and London markets, which Mr. Cooke believes is so essential, was set up. Underwriters in London made their underwriting know-how, policy forms, and rate schedules available to U. S. insurers under an arrangement which provided that the companies were to reinsure part of the business with London on a quota share basis.

The reasoning on both sides was quite sound, Mr. Cooke believes. London underwriters realized that they could not satisfactorily develop this rapidly expanding business from 3,000 miles away, and that unless it was handled directly by American companies its growth would be severely hampered. As a result of this cooperation, the development of the inland marine business in the U. S. over the past 30 years has been phenomenal.

This is a prime example of how the nonadmitted market, by serving itself, served the best interests of the American insurance market as well. By pooling their talents and abilities underwriters of both countries benefited.

In recent times new developments in scientific exploration and industry have grown rapidly and there has been no accompanying plan of insurance. The insurance for the building of the U. S. atomic submarine was designed in London, he observed. Cast insurance SEC legal liability, forms of EC, and many more, were also.

All risk insurance of static property of large corporations, now in its early development, still has some exclusions. However, he said, it is bound to become the natural successor to the current policy against fire and EC perils. Mr. Cooke hopes the nonadmitted market in London will follow the classic pattern of cooperation with American insurers to bring about a joint implementation of this project.

As to excess of loss fire coverage, he sees no reason why a large corporation should need to insure its standard pattern of minimal fire losses. There are many corporations in the U.S., each of which has a turnover of \$4 or \$5 billion a year, which makes profits of \$100 million and more a year, and which has vast resources. If its losses, year in and year out, \$300,000 a year in unimportant fires, why should it pay an insurer which is almost always financially smaller a premium of \$600,000 to cover this primary part of the risk in addition to that amount of premium necessary to cover the occasional large losses?

Save It For Insurance

This is uneconomical for insured. Rather than waiting for such corporations to devise plans of their own that might by-pass the underwriter altogether, isn't it wise for underwriters to work out economical plans of insurance?

Another service of the nonadmitted market is to provide coverage in cycles of bad experience. When a particular class gets so out of hand as to become disastrous, many companies stop writing it or reduce their lines. They find this desirable because of the complicated rating structure under which they operate and the time lag between worsening of experience and up-grading of premiums.

Three or four years ago all risks jewelry insurance suddenly went sour, Mr. Cooke recalled. Others would not write any new business, and accepted only a small part of the schedule of a risk when it involved an old and valued policyholder. As a result, the London market was swamped with offers. Knowing that the business was inherently sound, and that it had become available to London only because



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of the inadequacy of the rate structure in the U. S., it was written in London without hesitation, but at two or three times the manual rate. There has been a full turn of the cycle and most of this business is back with American companies. Mr. Cooke wrote much of it in London and said he is quite content with the outcome.

The nonadmitted market also is available when the amounts of coverage demanded are so large as to more than exhaust the domestic market.

Mr. Cooke believes the nonadmitted market can continue to serve the best interests of American insurance in

four categories—reinsurance, experimentation and development, true shortage of capacity, and business for which no American market is available.

With the steady growth in financial strength of the American market over the next 25 years, Mr. Cooke believes that more business will go to London by way of reinsurance than through any other branch of the business. Consequently, what both markets require is closer and warmer cooperation between the nonadmitted market and American companies.

He said he would be happy to enter a more orderly relationship.

Ellis To Keynote Ky. Agents' Annual At Louisville Nov. 14-15

Porter Ellis, president National Assn. of Insurance Agents, will keynote the 64th annual convention of Kentucky Assn. of Insurance Agents convening in the Kentucky Hotel in Louisville, Nov. 14-15. A registration of approximately 600 agents and wives is anticipated.

Highlights of the two day convention will feature Kentucky Commissioner Hockensmith who will discuss "The O'Mahoney Report." M. Cary Peter, Louisville, will discuss "Control Equals Dollars." The report of the administration will be delivered by Charles J. Baugh, Mayfield, president. Two panels scheduled, one dealing with report-type summations of association activities for 1960, the other an insurance progress panel designed to bring the membership up to date on various changes. Among items to be discussed will be the deferred premium payment plan, William E. Clark, Louisville; farm insurance, Harold B. McGuffey, Smiths Grove; public and institutional property form, George Cohn Jr., Louisville, and comprehensive personal liability, A. O. Inman, Elizabethtown. Robert C. Dauer, assistant editor F.C.&S. Bulletins will debate the advantages and disadvantages of an automobile merit rating system. George Cooper, Huntsville, Ala., NAIA advertising committee, and Harry S. Houlihan, Lexington, advertising chairman, will also speak.

Charles B. Chrisman, Pikesville, state national director will make his report on the Cincinnati and Atlantic City meetings of the national association.

The past presidents and executive committee dinner will mark the beginning of the annual meeting. The banquet is scheduled for Tuesday night.

Macy Is Buckeye Union Manager For Michigan

Buckeye Union has appointed Jack E. Macy Michigan manager at Detroit to succeed L. S. Jones, resigned. Mr. Macy has been with the group 14 years and since 1957 has headed the Detroit office.

Kenneth R. Campbell has been transferred from Dayton, O., to Grand Rapids as special agent. Loren E. Musgrave, underwriter at Dayton, succeeds Mr. Campbell there.

Other new special agents in Ohio are Joseph R. Benner at Canton, James B. Hess at Columbus, and David M. Smith at Cincinnati.

In Indiana, John Cole has become special agent for Mayflower. Richard D. Hall, former underwriter at Indianapolis, has been assigned to Mr. Coles' Buckeye Union territory.

New special agent at Huntington, W. Va. is David F. Copen. He traveled the state several years for a Huntington general agency.

Entriken Will Head Fund's Research And Development Activity

Robert K. Entriken has been named head of product research and development in the research, development and sales department of Fireman's Fund.

Mr. Entriken joined National Surety in 1942 as assistant branch manager at Memphis. During the last five years he has been assistant manager of the Fund's central bonding office at San Francisco, responsible for production of bonding and burglary business in the western states and Canada.

Pacific Health Agents Meet At Portland, Ore.

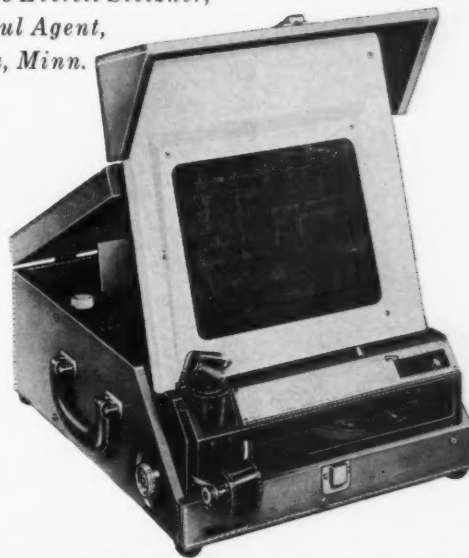
The annual sales congress of Pacific Northwest Health Underwriters Assn. at Portland, Ore., attracted 200 agents.

Speakers were William B. Cornett, Prudential director of A&S; W. O. Manzelmann, sales director of North American Life, A&H; Robert K. Rolfness, Pacific Mutual, Seattle; Commissioner V. Dean Musser of Oregon; John F. Crozier, assistant vice-president Mutual Benefit H.A., and F. Kenneth Stoakes, Loyal Protective, Los Angeles, president of International Assn. of Health Underwriters.

Motor Club Fire & Casualty of Newark has raised its capital from \$300,000 to \$700,000 through a change in the par value from \$15 to \$10, increasing the number of shares from 20,000 to 30,000, and the sale of an additional 40,000 shares to Motor Club of America, its parent. Surplus has been raised to more than \$350,000 by a contribution of \$50,000.

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Aged Health Needs Are Falsely Deduced From Income Figures

Everyone has a sure-fire solution to the problem of old age medical care; but no one is certain what the problem is. This was the opinion offered by George F. McDonnell, executive in charge of the commercial and independent plans divisions of Continental Casualty, in a talk at the October meeting of Cincinnati Assn. of A&H Underwriters.

Mr. McDonnell said that in view of the conflicting evidence in circulation about the actual need of the aged for any government-sponsored health plan, it would be advisable to proceed with caution in this field. In particular a critical look should be taken at the main argument for government intervention—that since 60% of the aged have incomes of less than \$2,000, it may be assumed that these people are unable to pay their medical bills.

Ridicules Income Statistics

By the same token, 47% of the nation's people have no income at all, including the wives of some company presidents, he said.

A better indication of the ability to pay might be found in the present ex-

perience of hospitals with unpaid bills (the aged do better than any other group), in the amount of liquid assets available (the aged are again first and their lead is widening), or in the attitudes of older people (in one survey 80% said that if they got a \$500 medical bill the next day, they could pay it in cash).

In closing Mr. McDonnell predicted that in the coming decade pressure groups would continually try to extend present A&S legislation. He also saw a further growth in private plans, especially in the area of automatic continuation and convertibility.

NAIA Appoints Four New Committee Chiefs

National Assn. of Insurance Agents has named four new chairmen of standing committees. They are Rosser Long Jr., Fayetteville, W. Va., agency management; George J. Margraff, Philadelphia, finance; Joseph L. B. Murray, Washington, D. C., local board and membership, and A. Julian Lenke, Cincinnati, property.

All other standing committee chairmen have been reappointed.

International Automobile Exchange of Indianapolis has been licensed in Idaho.

Bureau Summarizes 5 Year AR Results

National Bureau has issued a compilation of the experience of all companies of all types in auto assigned risk plans in 49 states and District of Columbia for the five latest policy years of 1954-1958. The compilation shows combined BI and PDL earned premiums of \$375,045,005 and incurred losses of \$412,002,690 for the five years.

This brings the loss ratio, including allocated claim expense, close to 110.

Since the compilation covers policy years through 1958, it includes losses from accidents occurring in 1959 where covered by policies issued in 1958.

The results of the bureau survey are summarized in the chart below:

State or Territory	Bodily Injury			Property Damage		
	Earned Premium	Incurred Losses*	Loss Ratio	Earned Premium	Incurred Losses*	Loss Ratio
Alabama	\$ 333,752	\$ 379,897	1.138	\$ 221,967	\$ 181,846	.819
Arizona	637,226	534,150	.838	361,993	282,591	.781
Arkansas	175,029	227,647	1.301	117,066	115,080	.983
California	18,345,566	18,219,218	.993	11,521,211	8,915,616	.774
Colorado	759,204	696,314	.917	635,407	449,599	.708
Connecticut	9,370,401	12,143,076	1.296	3,481,413	2,797,643	.804
Delaware	290,509	271,653	.935	209,262	166,667	.796
Dist. of Col.	509,947	498,875	.978	271,484	207,058	.763
Florida	5,412,373	5,260,313	.972	2,971,431	2,158,949	.727
Georgia	390,689	294,405	.754	284,274	204,225	.718
Hawaii	46,117	36,731	.796	44,090	30,584	.694
Idaho	432,518	316,736	.732	345,774	261,008	.755
Illinois	9,105,650	11,528,469	1.266	4,758,669	4,340,000	.912
Indiana	520,478	515,697	.991	453,881	388,047	.855
Iowa	1,031,972	1,132,152	1.097	887,198	667,552	.752
Kansas	889,973	944,581	1.061	668,617	605,951	.906
Kentucky	1,903,892	2,427,670	1.275	1,453,248	1,329,745	.915
Louisiana	1,574,535	1,577,478	1.002	967,220	775,189	.801
Maine	1,345,024	1,336,174	.993	879,538	597,436	.679
Maryland	3,367,650	3,658,123	1.086	1,905,299	1,374,117	.721
Massachusetts**	11,055,374	16,375,292	1.481	5,661,709	5,100,857	.901
Michigan	3,724,432	3,889,699	1.044	3,531,579	2,656,744	.752
Minnesota	5,447,469	5,793,263	1.063	2,725,592	1,978,553	.726
Mississippi	580,897	543,242	.935	307,892	293,982	.955
Missouri	1,728,257	2,032,161	1.176	942,865	732,389	.777
Montana	247,946	131,902	.532	177,934	102,780	.578
Nebraska	566,201	497,251	.878	448,201	353,257	.788
Nevada	76,519	51,255	.670	45,824	42,183	.921
New Hampshire	1,968,807	2,688,214	1.365	1,000,272	1,070,957	1.071
New Jersey	12,393,729	12,972,432	1.047	7,505,652	5,578,075	.743
New Mexico	205,951	170,140	.826	173,199	116,306	.672
New York	114,344,018	155,254,605	1.358	36,493,218	33,350,354	.914
North Carolina	7,011,478	9,057,820	1.292	5,097,139	4,353,716	.854
North Dakota	239,740	204,727	.854	175,700	137,167	.781
Ohio	4,463,932	4,532,273	1.015	4,145,269	3,310,982	.799
Oklahoma	780,928	950,459	1.217	487,096	427,708	.878
Oregon	2,418,202	2,815,350	1.164	1,815,092	1,321,471	.728
Pennsylvania	5,489,171	5,480,809	.998	4,134,945	3,538,810	.856
Rhode Island	1,495,329	1,862,068	1.245	981,492	774,173	.789
South Carolina	1,547,696	1,537,125	.993	1,044,768	795,976	.762
South Dakota	105,038	97,081	.924	78,089	73,500	.941
Tennessee	934,744	1,201,703	1.286	565,418	574,797	1.017
Texas	3,373,962	3,005,622	.891	2,718,551	2,080,705	.765
Utah	297,260	180,813	.608	221,741	157,954	.712
Vermont	1,349,673	1,464,212	1.085	680,342	521,222	.766
Virginia	5,178,122	6,436,039	1.243	2,994,059	2,751,676	.919
Washington	3,412,337	3,161,671	.927	2,627,478	1,823,124	.694
West Virginia	662,510	693,152	1.046	483,357	440,158	.911
Wisconsin	5,033,182	4,629,605	.920	2,353,752	1,628,557	.692
Wyoming	229,629	195,731	.852	182,851	160,179	.876
GRAND TOTAL	252,805,038	309,905,075	1.226	122,239,967	102,097,615	.835

Mutual Underwriters Assn. of New England at the Oct. 25 meeting in Dedham heard Ambrose Kelley, general counsel Factory Mutuals, talk on possible changes in the rating laws.

Mutual Bureau has raised elevator BI rates approximately 15% in New York City and decreased the rates about 5% in the remainder of the state, effective Oct. 26.

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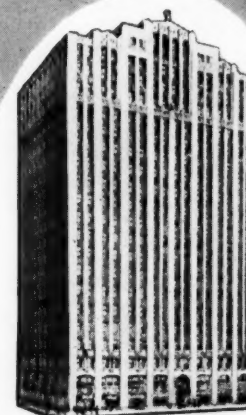
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Bureau Companies Announce Non-Can, Merit Plan In N. Y.

(CONTINUED FROM PAGE 1)

York use the Mutual Bureau. Testimony by C. W. Leftwich, vice-president of Nationwide Mutual, representing National Assn. of Independent Insurers, indicated that some independents are also considering non-can plans for the state.

This was the third hearing conducted by the legislators on the problem of auto policy cancellations. The committee is exploring the size of the problem to determine if legislation is needed. This session was primarily for representatives of industry. Uniformly they opposed legislation as a method of dealing with the problem. Sen. Condon, chairman of the committee, was ill and could not attend. Sen. Greenberg acted as chairman.

Allstate Plan Described

George H. Kline, vice-president and general counsel, described Allstate's non-can, safe driver rating program which it introduced in New York earlier this year and said it was being extended to Florida Nov. 1. He characterized the company as the largest

insurer in the state with 760,000 policies in force, 572,000 of them voluntary auto insured and 52,000 assigned risks. The company has 353 agents and personnel numbering 1,000 handling claims.

More than 500,000 motorists in the state now are under the non-can, good driver program, Mr. Kline said. With the use of colored slides, he outlined the entire program. He was questioned about one of the reasons for cancellation at any time, misrepresentation under declaration 10 of the policy. This states that in the past two years insured has neither been cancelled or refused coverage by another insured, and that he has not had his license suspended or revoked.

The period of non-cancellation varies from five down to one, depending on the number of years with the company—seven years in the company earned five years of non-can, five and six got four, four got three, three got two, and one and two got one.

Discrimination?

"Doesn't this discriminate in favor of new policyholders," Julius Wikler, counsel to the committee and former New York superintendent, asked. Mr. Kline didn't think so; old policyholders did not have the 90-day introductory period in which the company can cancel for any reason.

"Why do you need 90 days," Mr. Greenberg asked. To get inspection reports and check other information, Mr. Kline replied.

Is the non-can available on a car owned by a corporation, Mr. Greenberg asked. No, was the reply. "Even if it is not used in business," Mr. Greenberg went on. That produced laughter in the audience. Mr. Greenberg suggested that was "discrimination against corporations."

Mr. Greenberg also questioned Mr. Kline on "chargeable accidents" under the good driver plan. Insurers are paying claims all the time where insured isn't negligent, the senator said, adding that he had had one of these himself. Mr. Kline testified that only fault accidents are charged and only after being paid. One earns the base rate, two get a 20% surcharge, three 40%, four 70%, and five or more 100%.

He was asked to produce figures on how many policies Allstate has cancelled.

Mr. Kline said Allstate welcomes other similar plans because it believes in competition and it believes such plans will help solve the cancellation problem. No legislation is needed; free enterprise can do the job.

Too Much Coddling

Mr. Leftwich opposed any legislation which interferes with the right of insurers to weed out reckless and irresponsible drivers. The regular auto rates in the state contain "no subsidy for the drunks, the hoodlums, the hot-rodgers, and other extrahazardous risks. NAI, he said, does not believe more coddling is needed of the reckless driver but greater consideration is needed for the average driver, who represents more than 90% of the car owners of the state.

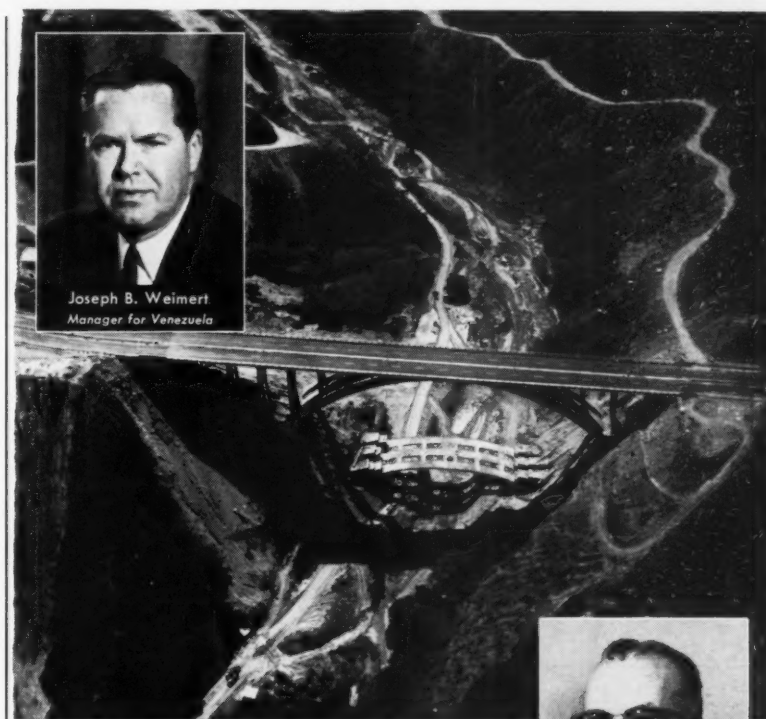
Mr. Leftwich indicated also that NAI does not favor an anti-cancellation bill to take care of the problem. He praised the state legislature for substantially improving the motor vehicle administration. There is a problem in the area of cancellations; however, the problem has been greatly exaggerated. The number of complaints collected by the committee and

by the New York Daily News is in the neighborhood of one in 10,000 or 15,000 policies. The auto market has been tight in recent years, chiefly because of inadequate rates, he suggested. He also cited the extraordinary traffic problem in the metropolitan New York City area and the general inadequacy of driver license administration and traffic law enforcement throughout the states.

The vast majority of those in the as-

signed risk plan are there for valid reasons, Mr. Leftwich declared.

He said he has every reason to believe that the leading independent insurers now are giving serious consideration to filing their own concepts of non-can insurance with the department—to meet the problem the committee is considering and as a normal reaction to the competition. However, some underwriters do not believe the solution lies in non-can contracts; they believe this approach will tighten the market and cause underwriters to reject more borderline cases. With this



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view, he said, Superintendent Thomas Thacher agrees.

Andre Pouy of the New York department reported the results of the 1959 survey by the department of 201 insurers (this is not to be confused with the committee's inquiry, which, with the cooperation of the department, went to all producers in the state earlier in 1960). This brought out that many insurers decline risks previously declined or cancelled by other companies, and that they expected a balanced book of business from producers. About one-third of the companies limit the class 2 business they will take, there is some selectivity at the older ages, and most insurers have restrictions on the number of members of the armed forces they will take. There are geographical restrictions applied by some companies.

However, 85% of the companies indicated their underwriting standards for auto business in New York do not differ from those applied elsewhere. Mr. Pouy also pointed out that companies employ and have the right to use underwriting judgment in selecting risks and establishing underwriting policy.

The bureau company plan would provide 60 days after inception of the coverage in which the insurers could cancel for any reason. This compares with the 90-day period used by Allstate. After 60 days cancellation would be restricted to certain "public policy reasons"—suspension or revocation of driver's license for cause, physical condition that would make the driver ineligible for license or afford grounds for suspension if already licensed, fraud, violation of terms or conditions of the policy, and failure to pay premium.

Non-Cancel For One Year

The contract would be non-cancelable for its term (up to one year). This is understood to be no longer because of practical difficulties it would give agents representing several or many companies in shifting business from one company to another.

On renewal, unless notice of intent not to renew is mailed to insured at least 45 days prior to expiration, the insurance shall automatically continue for one year following expiration date, except for the "public policy reasons."

Although the amount of the basic rate increase that the bureau companies will ask was not indicated in the testimony at the hearing, it is said to be approximately 10%. Thus, merit rating would produce credits of up to 10% or so. The policy will be the family automobile contract.

Mr. Johnson in his presentation said that many motor vehicle administrators have enthusiastically endorsed the merit rating plan as a valuable aid in their highway safety programs.

National Casualty Appoints Otis, Perdue

National Casualty has appointed Bradley J. Otis advertising and sales promotion manager and Robert Perdue agency supervisor of casualty. For the past three years, Mr. Perdue has been in the field for the company, while Mr. Otis has been in advertising in Kansas City.

Meeker-Magner Promotes

Meeker-Magner Co., general agency in Chicago, has promoted Marvin L. Furgason to fire department manager in charge of both underwriting and engineering. He joined the agency in 1954, prior to which he was with Fireman's Fund.

Loss In Kingsport Blast \$4.5 Million

Tennessee Eastman Co., a division of Eastman Kodak Co., has arrived at an estimate of \$4,500,000 as the direct loss to the Kingsport, Tenn., plant which was damaged by an explosion and fire Oct. 4.

The plant, which numbers about 200 buildings, manufactures chemicals, synthetic fibers and plastics. It is insured in FIA, and the loss is reported to be the second largest in the history of FIA.

Buildings Destroyed

The catastrophe, which originated in the aniline building, destroyed half a dozen structures, and many other buildings suffered broken glass and lesser structural damage. The blast took the lives of 15 employees and injured at least 60 others.

Numerous dwellings and business buildings within about a mile radius sustained some damage, mostly broken glass and cracked plaster. General Adjustment Bureau, which moved a dozen extra adjusters into the Kingsport branch, anticipates about 1,200 claims. Several hundred automobile damage claims are expected.

Cause of the explosion has not been determined. Officials of Eastman have said that there will be no interruption in deliveries to customers.



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Report Fruitful Year To Nebraska Agents

(CONTINUED FROM PAGE 2)

act. If Standard Oil solicits insurance, it will have to be licensed. However, agents are not likely to stymie the company by reporting some service station operator who happens to be pushing the coverage on his customers.

6,000 Credit Cards Returned

State National Director Leo J. Beck Jr., Lincoln, revealed that as of a month ago, 6,000 credit cards had been returned to Standard Oil in the 16 states that the coverage is written.

In a resolution, the association requested Standard Oil to "cease this encroachment immediately." The resolution met with some objections, however, from those who advocated stronger action, and there was some sentiment for boycotting Standard Oil products.

The association heard that it had not only fulfilled its 1960 advertising quota, but with 83% of the membership contributing, ranked first among the large population states in that category. With that the association accepted the 1961 increased quota of \$21,000. The Nebraska agents also resolved to commend NAIA and the companies for expanded use of the Big I in individual advertising programs and recommended to NAIA that it solicit funds for the program from companies that were interested in Big I advertising.

The text of a proposed law for stiffer driver licensing was presented by Gerald W. Raschke, Omaha, chairman of the safety committee. The proposals, which were developed with the assistance of the state motor vehicle commissioner, evoked considerable discussion, and the Nebraska agents gave the impression that they never cancel a poor risk; they simply notify the state police, who revoke the errant motorist's permit.

Recommendations for the new drivers licensing law which were approved by the membership consisted of a compulsory reexamination every four years, establishing a medical board to determine physical fitness for driving, including driver's photograph on the license, prohibiting motorists under 17 from driving between midnight and 5 a.m., and requiring applicants under 17 to show evidence of formal driver education. The association also approved recommendations to make the license plate numbers larger by eliminating the "Beef State" sobriquet from the plate and to urge both gubernatorial candidates to support the driver licensing program.

Humorist Addresses Luncheon

The kick-off luncheon was addressed by Sunshine Gene Flack, humorist and raconteur sponsored by the Sunshine Biscuit Co. of New York. Other featured speakers on the program were Harry F. Perlet, multi-peril manager of Inter-Regional Insurance Conference, and Peter J. Walsh, Denver, executive committeeman of NAIA.

In his discussion of developments in the multi-peril field, Mr. Perlet said it is not too far-fetched to predict that multi-peril writing will eventually surpass all specific lines in premium. It now ranks ninth in premium volume.

The 1959 revised homeowners plan, he said, is pretty well settled now, but there will be more revisions from time to time. Rates will be investigated annually because of the competitive situation, and the program will become more self-rating.

Concerning a farm owners policy, he

said a plan "is on the drawing board and is close to fruition."

Mr. Perlet said there are only a limited number of risks which should be written under a package policy. For such risks as motels, and laundromats, which are somewhat less than multitudinous, he suggested using a basic fire policy and attaching provisions to suit the situation.

The evolution of a truly multi-peril policy is a long way in coming, Mr. Perlet declared. He said he felt that soon there will be a multi-peril policy which will cover across the board the four major areas—habitational, institutional, commercial and industrial.

Mr. Dawson stressed education, service and cooperation as agents' objectives. Commenting on service, he said that Standard Oil, in defending its credit card accident policy, charged that agents were not providing adequate service, and therefore, it had seen fit to use its facilities for insurance. Any time oil companies and boat builders find a gap in service, "we have fallen down somewhere," he

declared. An agent who serves well is one who periodically reviews his client's insurance rather than one who merely handles the existing policies.

Cooperation, he said, is a two-way street between agents and companies. It is imperative that companies consult with agents about what insured want and need. Rate reductions which disregard loss ratios and are designed only because of competition greatly hurt agents, and the best cooperation would be consultation before a step like this is taken.

He urged companies to cooperate with agents in advertising, and he reported efforts have been directed to this end, but nothing concrete on a joint company-agent program has been achieved.

The problem of competition is age old and demands joint efforts toward meeting it. The industry is engaged in a rate war "and if this goes unchecked the solvency of many companies and agencies will be involved," he warned. This would serve as an invitation for the federal government to intervene.

Mr. Dawson noted a survey which showed that insurance company man-

agement boasted the highest number of college degrees and PhDs in industry. "The companies have the brains and the agents have the public acceptance, so between the two of us, I think we should be able to work something out," he remarked.

Hold Advertising Forum

At a forum on advertising, Prof. Paul Peterson, chairman of the University of Omaha journalism department, discussed results that can be expected from advertising, and Vincent Thomas, Sutherland, described the Big I program as seen by a small-town agent.

Said Mr. Thomas: "I stress first, last and all of the time that the Big I means 'independent agent' and not necessarily 'stock company agent.'" Independent agents are not fighting the battle of stock companies but are fighting against direct writers. There are mutual agents who are making the same fight, he observed.

Many agents do not make a sufficient impression on the public because they do not use the Big I slogan, the bumper sticker or other tools of the program. There is a lack

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of cooperation among agents on a nationwide basis, he said, adding that he was convinced that his insured would never get any assistance out of town from a local independent agent.

Agents, Mr. Thomas said, are unhappy, yet they refuse to avail themselves of these tools, and "because of this, they end up in somewhat the same position as a man who had not kissed his wife for five years and then shot the man who did."

Five outstanding service awards were conferred at the banquet. Recipients were Francis J. Skupa, Campbell; Gordon Gross, Omaha; George Cowton, Grand Island; Leo J. Beck Jr., Lincoln; and Robert M. Byrne, Omaha. The Columbus board won the local board achievement cup.

In addition to the regular awards, Executive Secretary Richard C. Allgood was presented with a steering wheel plaque bearing the inscription: "Big Wheel Award—to Col. Dick Allgood, our hard-driving executive secretary."

Conviviality was also in evidence and the motel patio was circumscribed by 31 company hospitality headquarters to take in and give solace to work-weary conventioners.

Mich. Governor Candidates Debate Functions Of Insurance Department

LANING—Both candidates for governor favor continuance of a strong insurance department in Michigan, with an expansion of its operations if financially possible, according to answers given by the Republican and Democratic aspirants during the past week in a debate before Detroit Life Underwriters' Assn.

Meeting The Needs

Paul Bagwell, the Republican nominee, said he favored meeting "all reasonable needs" in the matter of state supervision, while Lt. Gov. John B. Swainson, the Democratic candidate, said he favored a strengthening of personnel and equipment in the department but feared lack of the needed legislative appropriation for the purpose.

A series of specific questions on insurance supervision was presented the candidates by the association. Both promised, if elected, to choose the best available and qualified man for commissioner. Commissioner Blackford has indicated he will resign at the end of this year although his term will not have expired. He has never been confirmed in office, however, by the Republican-dominated state senate following his appointment nearly two years ago by Gov. Williams. Mr. Bagwell said he thought a commissioner should have some knowledge of the insurance business but Mr. Swainson deemed that unnecessary if he were a "good administrator."

Bagwell Hits Blackwell

Mr. Bagwell indicated he did not favor proposals such as one advanced by the present commissioner to make the department merely a part of a larger agency, including banking and supervision of corporations and securities. Mr. Blackford, in another role as a commission member studying streamlining of government agencies, favored consolidation. On this question Mr. Swainson said he had "no pat answer."

Mr. Bagwell said he did not favor creating a separate life insurance division and Mr. Swainson said he felt the present departmentalization set-up provided such a service "for all intents and purposes."

Conn. Agents Told Future Of System

(CONTINUED FROM PAGE 4)

discount" or to do a thorough sales job of account selling.

Mr. Eaton advocated taking a lesson from competitors. He sees the possible need of two types of producers in an agency—the "executive" type to do a professional job with accounts, and another type to handle mass sales. But agencies must be perpetuated on the basis of professional service.

Mr. Ashton hurled another harpoon

by observing that companies have made too many changes too fast in recent years. Once the auto business was gone, the companies came up with endless plans to get it back, he commented. He said that the need now is not for too much progress but for some patience. Companies should hold still long enough to let agents digest all they've been fed.

Mr. Young allowed that companies would like to slow up too, but they

can't afford to do so, or Allstate and others will run up their backs.

Mr. Burns would not concede that all the brains are on the company side of the business. He said that agents may eventually do all or many of the things companies recommend. But they should take action only because a course is good, not because they are "told to do it."

Sound advice came from Mr. Young on sending a young agency recruit to a company school. The recruit should be given at least six months in the agency before he is sent to formal

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classes. Otherwise he has no practical reference points for the theories he will learn in school.

"The Pensacola Dynamo"

Dave Johnson, the Pensacola dynamo who has dedicated his time and considerable talents to the Big I campaign as the 1960 fund raising chairman, made a pitch for continued support of the program. Mr. Johnson used every tactic from appeals to reasons, to warnings on the threat to agency system survival, to outright condemnation of non-contributing agents who

fall into the parasite category, in his view.

Mr. Johnson was ably aided by Franklin E. Schaffer, Doremus & Co., ad agency for Big I. Their messages were driven home further by the NAIA 1961 advertising film.

George Faunce III, president of Afco, recommended that agents use a facility which provides a package payment plan. Only in that way can agents effectively use monthly payment merchandising as a production vehicle while simultaneously cutting collection problems to the bone. He

noted that agents should not make the mistake of thinking of financing only personal lines. Most of Afco's business is on commercial coverage.

The association passed a resolution calling on companies and fellow agents to encourage meetings between individual insurers and groups of producers to explore all angles of the business bearing on company-agent relations, expenses, underwriting, coverages, policy format and loss and adjustment procedures.

Stamford Insurance Board won both the North cup and the Cowles trophy

for local board achievement and attendance, respectively. Lee Sinkwich, Waterbury, took the G. Burgess Fisher memorial scholarship annually awarded to a University of Connecticut senior.

William H. Wiley, veteran executive secretary of the association, deserves a palm for assembling a program marked by a new high in frank company-agent exchanges, and to his right arm, Mary Battista, who is also chairman of Hartford Assn. of Insurance Women, a bouquet is due for her tireless detail work from registration time to the windup of a highly worthwhile meeting.

Widespread Changes In Burglary Rates, Rules

National Bureau has revised burglary rates, effective Nov. 2, in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nevada, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Washington, West Virginia and Puerto Rico.

Average rate increases in the areas affected are 8.2% on mercantile open stock; 4.3% on mercantile safe burglary; 7.3% on money and securities broad form (inside premises), and 8.2% on storekeepers burglary and robbery.

Rule changes are effective Jan. 1, 1961 in all states except Louisiana, New York, the Carolinas and Texas. The revisions are necessitated primarily by changes in classification assignments and to provide for coding by types of risks within trade groups and classifications in the several sections of the burglary manual.

Varied Program Set For Syracuse I-Day

Insurance Field Club and Casualty & Surety Club of Syracuse are sponsoring an I-Day Nov. 9 at Hotel Syracuse.

Charles Cooper, of Fireman's Fund, will speak on selling. The auto merit rating policy will be analyzed by Clayton G. Smith, National Bureau. Miss Justine Gobel, will discuss the functions of complaint unit.

In a panel on agency operations, participants will be J. Paul Pizor, Excelsior; C. L. Newman, Commercial Union, and Irving W. Schwartz, Schimberg & Gerber agency of Syracuse.

N.A. V-P To Address

Minn. All-Industry Lunch

Thomas E. Walton, vice-president of North America, will speak at the all-industry luncheon, Nov. 7, of Minnesota chapter of Society of CPCU. His topic will be "Modern Machines in Insurance."

Edwin S. Overman, assistant dean of the American Institute, will confer the CPCU designation on those who have passed their examinations.

St. Louis Board Sets Meeting

Insurance Board of St. Louis will hear Robert L. Edgar, chairman of its legislative committee and partner of Harlow & Co. general agency, outline the legislative outlook with regards to the insurance business at the Nov. 7 meeting at the Missouri Athletic Club.

Palomar agency of Montgomery has opened a new office that features a drive-in teller's window at 2236 Madison Avenue.

...its new
MACHINERY
Department—
to open more doors...close more sales for you!

Another step forward by The HOME... a Boiler and Machinery Insurance Department to help you close on more accounts—and help you open new doors! Right from the start, this new department is equipped to write every form of boiler and machinery insurance, including endorsements on consequential damage, outage, and use and occupancy as well.

Staffed by experts with many years of background in boiler and machinery insurance underwriting, sales and administration, the department will work closely with producers in risk analysis and development of protective programs to fit the insured's needs. The department's activities will be concentrated in the eastern United States at first, but the area served will be expanded as rapidly as possible.

Since, in so many cases, boiler and machinery is a vital line, addition of this coverage is bound to help HOMETOWN agents, both as a compelling door-opener and in total account selling as well. So when you think of boiler and machinery insurance, it makes good sense to think of The HOME!

The HOME Insurance Company
Property Protection since 1853

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

800 NAII Members Gather At St. Louis

(CONTINUED FROM PAGE 1)

sort of pep rally at which the staff and the officers reiterate the values and benefits of belonging to the only trade association through which the specialty company, the deviator, the non-bureau organization can make itself heard and felt.

As it has at all NAII gatherings, auto insurance problems had the lion's share of the program. There were panels on cancellations and on auto compensation plans, between which were interspersed addresses on surplus line business and state regulation. The comments of General Manager Vestal Lemmon on how NAII's proposed rating bill would affect the small company are reported elsewhere.

Sen. Estes Kefauver of Tennessee, chairman of the Senate anti-trust and monopoly subcommittee through which Sen. O'Mahoney and Donald P. McHugh gave the insurance business a working over, spoke at the luncheon Wednesday. The gist of his message, which will be reported more fully next week, was that the merging of regional

advisory organizations into Inter-Regional Insurance Conference is a matter of concern to him, "a manifestation of the trend of concentrating all control in one place and having the operations of people and companies all over the U.S. run by a handful of people in New York. I foresaw in this development further opportunity for the dominant companies to tighten their grip on the rating structure. I see no reason to alter this view."

The new president of NAII is Fenton A. S. Gentry, president Southern Fire & Casualty of Knoxville.

Mr. Gentry, who has served as a vice-president and member of the board of governors of NAII, was a Rhodes scholar at Oxford University. He has been president of Southern F.&C. since 1946 and is chairman of Southern Title and Southern Insurance Services, also of Knoxville.

Elected to the board of governors were P. N. Snodgrass, General Casualty of Madison, and E. L. Lowder, Alabama Farm Bureau Mutual Casualty. Re-elected were W. A. Brooks,

Oregon Automobile; William C. Searl, Auto-Owners; and Paul R. Erickson, Detroit Automobile Inter-Insurance Exchange.

Five new vice-presidents were elected: Preston Estep, Transit Casualty; John J. Nangle Jr., Utilities of St. Louis; W. L. Cobb, Hawkeye-Security; S. Arch Richards, Olympic of Los Angeles, and Paul R. Gingham, State Automobile Mutual of Columbus.

Re-elected for a one-year term as secretary was J. Carl Suverkrup, Wabash Fire & Casualty. W. M. Ritter, Preferred Risk of Fayetteville, Ark., was named treasurer. Vestal Lemmon, NAII general manager, was re-elected assistant secretary-treasurer.

The outgoing president is C. W. Leftwich of Nationwide Mutual, who, in his report of administration, said that no state is immune from people who want to pass laws to make insurance compulsory, create unsatisfied judgment funds, increase financial responsibility limits, etc., and it is because of such problems as these that NAII can no longer be content to be geared only to fight the "occasional brush fire." He credited NAII with creating and maintaining a climate in which its members could thrive, noting that when it was formed, Nationwide Mutual (then Farm Bureau Mutual of Ohio) was by no means large.

"It is my firm opinion," Mr. Leftwich declared, "that were it not for NAII we would not have enjoyed the success that has been our lot. Our company was started in the days when regulation was wide open. If a rating bureau type operation had been forced upon us—and except for the advent of NAII that's what we'd have had—I seriously doubt that we would have gotten off the ground."

NAIC Subcommittee

Quite a number of non-NAII people visited the NAII convention to take in the meeting of the NAIC subcommittee on unauthorized insurance, headed by Magnusson of Minnesota. There is before this body a proposed model law for surplus line insurance. The exact meeting plans were subject to a good deal of change from Sunday until Tuesday morning, it being decided finally that an executive session would precede the open meeting Tuesday afternoon. Insurance buyers made statements at the closed session. A report of this meeting will be made next week.

C-46 Football Plane Was In London Market; Agent Died In Crash

The hull and liability coverage on the chartered C-46 plane which crashed at Toledo Airport was reported to be in the London market. The plane, carrying members of the California State Polytechnic football squad and fans who had attended a game against Bowling Green State University, crashed on take-off for the return flight to San Luis Obispo, Cal.

Of the 48 persons on board, 22 were killed. One of the dead was Peter Bachino, a partner of Harry J. Morris in the Bachino & Morris agency of San Luis Obispo.

Estimated \$175,000 Loss On N. J. School

A fire which damaged Ridgewood (N.J.) High School was insured through Springfield F.&M. Insured damage was estimated at approximately \$175,000.

The fire caused considerable damage to the roof and water damage was severe on upper floors.

Great American In Agents Conference

Great American has held two agents advisory conferences at the Barclay Hotel, New York. Eight representative agents from various sections of the country and company officials participated in the meetings held during the last week in October and the first in November.

Informal round table discussions featured the exchange of ideas on current problems and future trends in the business. The agents also expressed their views on the design and marketing of Great American's new products and on the development of improved sales facilities and services.

In introducing the conferences, William E. Newcomb, president, stressed the need for a closer relationship between company and producer. "We want to give our agents an increased voice in our plans and ideas. We need the benefit of their best experience and their thinking with respect to competitive conditions and the best means to deal with them now and in the future," Mr. Newcomb said.

Pacific Fire Bureau's Flat Charge Would Eliminate Deductible

Pacific Fire Rating Bureau has adopted a flat premium charge for eliminating the \$50 windstorm and hail deductible of the homeowners policy and the dwelling extended coverage endorsement in California and Nevada. The change is effective Nov. 1.

The flat charge for the "buy back" of the deductible replaces the previous method which provided a "buy back" premium based upon the amount of the insurance. A. W. Gilbert, general manager of the bureau, said that the change was adopted because of information and experienced insurance opinion which has been expressed to the bureau during the last year by agents and brokers in Nevada and California.

1958 Is Noted

"Even in 1958 when the \$50 windstorm and hail deductible was first adopted there was considerable sentiment among bureau committee members for the flat premium approach, but the rate differential method was chosen because it could more easily be related to ECE experience," Mr. Gilbert said. "But the later representations of the agents and brokers indicated such a depth of conviction in a matter which had to be determined for the most part on insurance judgment that the bureau was persuaded to revise the rule and adopt the flat premium for eliminating the deductible."

Mr. Gilbert said that in order to avoid complications and because straight windstorm and hail insurance is seldom written, the deductible has been made mandatory for insurance written in accordance with the windstorm and hail section of the Tariff Rules.

The general manager said the rule change would become effective in other bureau jurisdictions in due course. The new flat "buy back" premium will be: Nevada, homeowners \$21 three year prepaid, and ECE, \$12 per item per year; California, \$16 for homeowners, three year prepaid, and for ECE \$8 per item per year.

American Home General Agency has moved its Fresno office to 311 North Fulton Street. H. C. Silvershield is special agent in charge.

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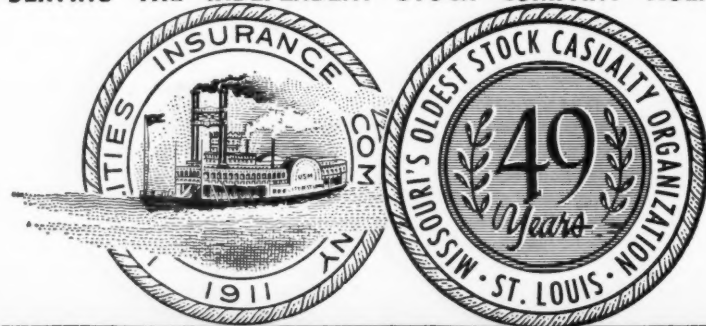
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Asks Maintenance Of HO Commissions, Workable Auto Plan

Keyser Sees Dangers In D. C. Rating Bill, Tackles A&S Credit Card Solicitation

WASHINGTON—John Keyser of Kalamazoo, retiring president of National Assn. of Mutual Insurance Agents, in his report to the annual convention here, deplored the impending rate war in homeowners and expressed confidence that companies will maintain adequate commissions as the only enduring method of promoting business. He urged insurers to make the merit rating system a more workable, less cumbersome and more effective tool, or replace it with a better one.

Mr. Keyser expressed agreement with a new District of Columbia rating bureau bill insofar as it offers reasonable competition. However, he warned against the prospects of such action resulting in unregulated rates and forms. He asked for a qualified committee to study the bill's soundness and necessity.

Coercion Continues

Mr. Keyser pointed out that there is still coercion going on in the lending field and said the Department of Justice is being called on to take action where necessary. He emphasized the dangers of the entry into the travel insurance field of Standard Oil of Indiana and called upon "that traditional champion of free competitive enterprise" to reconsider its move and withdraw from competing, as a giant non-insurance corporation, with companies that must depend totally on insurance for income.

Mr. Keyser said that in spite of matters of urgent concern, his observations and experience in traveling all over the country as president of NAMIA convinced him that "members are enjoying continuing success, are showing reasonable growth, and are still making a profit."

The anxiety of bureau companies as to excessive competition in the homeowners field may have been premature, Mr. Keyser commented. Good judgment might have convinced bureau companies to be less hasty in becoming involved in what appears to be a rate war. Mutual agency companies have of necessity followed suit. It is certainly evident to producers that the present commission on homeowners is not excessive. However, ultimately competition will lean in favor of the independent agent because the best way for a company to get business is to pay an adequate commission. He is confident the market place will fairly determine the proper commission an agent should receive.

Auto Commission Cuts

Because of the semi-compulsory aspect of automobile business, Mr. Keyser does not believe that the same can be said about it. Commissions have been reduced. He doesn't believe this trend will be reversed though he hopes it has been contained. The merit rating

(CONTINUED ON PAGE 31)

Agents Ask Participation In Creation And Pricing Of The Insurance Product

WASHINGTON—More conference by companies with agents was urged by National Assn. of Mutual Insurance Agents in a resolution adopted here during the annual convention. Agents are in closer contact than companies with buyers and in a better position to gauge their insurance needs. Also agents are the persons to whom the public makes its wants known.

Therefore, companies would better serve the public and the business if they would consult with producer organizations "before introducing new types of coverage or radically changing old ones," the resolution declared. It also urged mutual agency insurers to take a more active part in bureau and advisory organizations in the preparation of new forms, policies and rate filings.

Another resolution dealt with the same subject. It said that in view of the confusion that is developing from the many bureau and independent filings of coverages and package policies, and in view of the arbitrary changes in rates without regard to experience or the needs of buyers, NAMIA urged that all producer groups be advised when proposed changes "are presented." Producer groups want "to cooperate with the insurance departments so that an analysis of the various proposed changes may be made to determine whether they are in the best interests of the general public and the insurance industry." The resolution further urged departments to hold public hearings "if deemed necessary."

In the same general area, a third resolution called on Transportation Insurance Rating Bureau to show the way to the rest of the business by inviting "the agency segment of the industry to participate in discussions" on (1) marketing studies in the field of insurance, (2) revisions and creation of policies, (3) forms and (4) rules.

The interest and welfare of local, independent agents are tied closely to decisions made in the area of coverages, rules, and marketing, the reso-

lution pointed out. Also, these agents in the course of their duties come in close contact with the buying public; consequently, they are able "to obtain the direct reaction of the policyholders as to the effect of decisions."

NAMIA Membership Reaches Peak 8,545

National Assn. of Mutual Insurance Agents had a net gain in members of 737 in the past year and 50,000 is now in sight, Joe L. Norton of Charlotte, N.C., reported as chairman of the membership committee. This is considered an exceedingly good result because of numerous mergers of agencies, and even instances of agents withdrawing from the business. Membership is 8,545.

The darker side is that the usual mortality rate continued the past year—1,094 members were removed from the rolls. This is not out of line with similar organizations. But NAMIA is still attempting to reduce it by better collection methods and greater demonstrations to members of the value of continued membership, he said.

California, under Charles E. McClung, had a growth of 307%; 250 new members were added for a total of 285. Second in percentage of growth was Georgia, with an increase of 67%. Starting with 75 members on Sept. 30, 1959, at the last report Georgia had 125.

Tennessee and New Jersey tied for third place with 39%. Tennessee started with 132 members and ended with 184. New Jersey's task was more difficult because it started with 227 members, but it also achieved the 39% increase for a total of 316 members.

Connecticut was fourth with 30%, beginning with 189 members and concluding with 246 members. The New England association had a 24% increase, beginning with 337 and concluding with 421.

Arizona did remarkably well, gaining 42 members from its start in April.

McKiever Elected President, Spencer V-P, At Washington

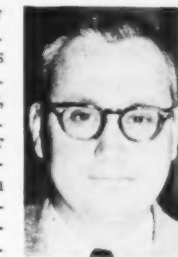
Cox Of Mo. Is Mr. Mutual Agent; Ohio And Miss. Win Fire, Accident Awards

By KENNETH O. FORCE

WASHINGTON—Almost 900 attended the annual convention here of National Assn. of Mutual Insurance Agents. Many of them were in costumes—Indian regalia for Floridians in honor of George R. McKiever of Miami, the new president; red coats for Michiganders, as advertisement for the 1961 convention Oct. 15-18 in Detroit; big hats for Texans, to call attention to the midyear in Houston next March 12-15; and Confederate regalia



George R. McKiever



Claude E. Spencer



Wm. A. Stringfellow

for members of the host association, Virginia-D.C. Quite a number also showed up disguised as agents.

Claude E. Spencer of Danville, one of the organizers of the Illinois association, was elected first vice-president. The other four vice-presidents elected are C. Goodman Jones of Bluefield, W. Va.; Paul A. Garrick of Medina, N. Y.; Thomas C. Watson of Gastonia, N. C.; and Thomas R. Mote of Piqua, O. Harry E. Uhler of Baltimore, past president, was reelected to the post of treasurer, which he has held several years. Charles E. Scott of Ellicott City, Md., was named secretary to succeed W. Frank Wood of Cleveland, Miss.

New Directors

New directors are Bernard T. Dodder of Washington, Lawrence Ilfrey of Houston, Herman Faber of Parkersburg, Ia., Mr. Jones, Mr. Mote, Marvin Bjorkland of Glasgow, Mont., William E. Terry of Little Rock, John B. Read of Chicago, Mr. Watson, Robert D. Knott of New Haven, and Sidney Stallings of Leland, Miss.

As previously announced, William A. Stringfellow was advanced from acting manager to general manager. He succeeds the late Philip L. Baldwin.

Mr. McKiever began his insurance career with South Carolina Inspection & Rating Bureau. Later he saw service with Mill Owners Mutual and the Zachary General Agency of Greenville.

(CONTINUED ON PAGE 33)



Notables at NAMIA convention: Harry E. Uhler of Baltimore, past president and perennial treasurer; Claude P. Coates of Fort Worth, past president; Charles M. Boteler Sr. of Washington, past president; and W. A. Stringfellow, general manager of the association.

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Need Of Public Information Eyed; The Lack Of It Is Demonstrated

WASHINGTON—How far the insurance business is from achieving a workable understanding among members of the public was illustrated forcefully during a panel discussion here. This was one of the best attended of the sessions on the annual convention program of National Assn. of Mutual Insurance Agents. With William N. Woodland, executive vice-president of Mutual Fire Insurance Assn. of New England, as moderator, the panel had as participants Richard Harkness, National Broadcasting Co. Washington correspondent; Glenn Bayless, Washington editor of Business Week; Thomas F. Reynolds, general manager of Illinois Insurance Information Service, and Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER.

When the subject of the proposed District of Columbia rating bill came up, Mr. Bayless was asked for his opinion of insurance pricing and prices. Mr. Bayless, an experienced and successful business reporter and editor, replied:

Premiums Are "Fixed"

"It is my impression that insurance premiums are fixed. At least they are administered. Certainly there is no price competition in insurance rates."

Mr. Reynolds observed that this is typical of the reaction of the public, of premium payers. He said he is overwhelmed by the public's lack of information about the business—and what is available in the way of product, price, and performance.

When the subject of compulsory automobile insurance came up, Mr. Bayless said he felt certain that compulsory will be adopted in other states. He indicated that police and civic officials in the community in Virginia where he lives are strongly in favor of compulsory.

Mr. Reynolds replied that compulsory seems to the public to be an answer to the financially irresponsible motorist but that when legislators take a second look at the experience under compulsory, they have a second thought.

Mr. Force observed that compulsory fails to achieve the 100% responsibility that is, in advance, expected of it. He noted that New York thought it had solved the problem when it adopted compulsory. But the state then was forced to set up an expensive indemnification fund to cover the gap compulsory failed to close. In New Jersey, on the other hand, a combination of strict financial responsibility and an unsatisfied judgment fund—without compulsory—seems to be working better than the New York program.

Mr. Harkness dealt with general political and economic developments. He said that about two weeks previ-

ously, Washington all at once decided that Kennedy was going to win in a landslide. Mr. Harkness indicated he was not convinced, that he thought the election would be close. However, regardless of which man wins, there will be a more liberal and vigorous administration. More things will take place, he suggested, that produce inflation. He urged participation by agents, especially with work and not just with money. A show of hands indicated that only approximately 10% of those on hand had rung doorbells, though 95% had contributed money.

Mr. Bayless noted the lax morality of the public in connection with in-

(CONTINUED ON PAGE 32)

Error And Omission Losses Increasing

Benjamin G. Sager of Cleveland reported that the errors and omissions coverage of NAMIA members is becoming increasingly valuable—as is evidenced by the climbing loss ratio. The business is written under individual policies by Michigan Millers Mutual, which retains the right to accept or reject any application for the coverage.

In 1957, Mr. Sager said, premiums totaled \$123,966 with no losses. In 1958, premiums were \$202,201, paid losses were \$1,987, and incurred losses were \$6,987. In 1959, these figures were \$220,000, \$23,770, and \$47,750. In 1960 through July, premiums totaled \$167,339 with \$8,050 paid losses and \$45,800 incurred losses.

At present the company has 95 open claims, 35 of them in suit. The public, Mr. Sager observed, is beginning to find out that though the policy says the damage is not covered, there is another source for recovery. Commissions on the business are shared by NAMIA with the state associations in proportion to the premiums each state develops.

An optional coverage has been added to the contract (at a premium). This is for the solicitor who sells, collects, but doesn't deliver coverage and doesn't let the agent know about the matter. Presently such losses are not covered in the E&O or by fidelity.

E. Frank Whipple of Michigan Millers represented the company in the discussion of E&O during the convention. He noted that the coverage becomes more important with package policies that include more liability and that in modern times are being changed frequently.

About one-third of the members of NAMIA carry the coverage, approximately 3,000, he said. Premiums this year will be close to \$300,000. The policy does not have to be corrected during the year, and the company is planning to renew by certificate.

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Mutual GAs Elect, Laird Sees Bright Future In Business

WASHINGTON—Mutual General Agents Assn. elected officers at its annual meeting here during the convention of National Assn. of Mutual Insurance Agents. J. Ira Laird Jr. of Harrisburg, Pa., was reelected president. Carl Lawton of Richmond, Va., was elected treasurer, and Robert Morgenthaler of Kansas City vice-president and secretary.

New directors are Robert L. Blue of Miami and John Keyser of Kalamazoo. Held over directors are Henry D. Bean of Haddonfield, N.J., and William Swigart Jr. of Huntingdon, Pa.

The difficulties that confront the business today and the place of the general agency in its future were discussed by Mr. Laird.

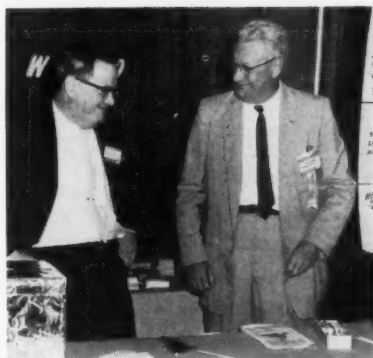
During the past year a number of new life companies have been formed by fire and casualty insurers, he pointed out. Life insurers owned by fire and casualty companies have made gains.

Stocks Are Down

The stock market has taken a terrific turn downward and the question is whether that will change before the end of the year. Some casualty companies have lost surplus. Agencies have complained because their commissions have been reduced. With the lowering of rates on fire business, their commissions on that line have gone down accordingly. Hundreds of special agents and company men have talked about the business going to pot. But is it, he asked.

Perhaps the reason these comments are going around is because the boom is over, the frosting is off the cake, and the agent today can no longer be an order taker and remain in the insurance economy, Mr. Laird declared. Today's market is a market for insurance salesmen who must create the need for his product as well as properly providing professional council together with proper coverage to fit the individual's need, both on family and business levels.

Several years ago many companies, agents and field men said that the



H. P. Halpin, agency supervisor, and E. A. Ullrich, vice-president at Atlanta, at the Utica Mutual booth at the NAMIA convention.

general agency system was on its way out, and that the general agent could not survive in the future developments of the business. They were wrong. In the past few years the general agency system of doing business has gone ahead further than at any time in its history. The very nature of the changes in the business and in the concept of fire, casualty, life and A&S coverages being written in one house definitely shows that the general agent is the only way that the smaller company in the life, A&S, fire or casualty field will be able to obtain their market in the future. The cost of creating a true multiple line plant is far beyond the total assets and surpluses of the majority of the companies.

Today the managing general agency has all of the advantages of electronic data processing equipment, the latest techniques of the business, and is currently operating as an all line production center for agents, he said. The managing general agency is today doing what the large companies wish to do in the future. Only the "super-large" companies and the companies that have life facilities have discovered what the managing general agent has been practicing since his beginning, the underwriting of the family as a unit. The state or territorial managing general agent intimately knows the urban development and growth patterns in every city in his territory. He knows the racial and inter-racial hot spots, and he knows every blue

(CONTINUED ON PAGE 30)

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The Dixie Fire and Casualty Company

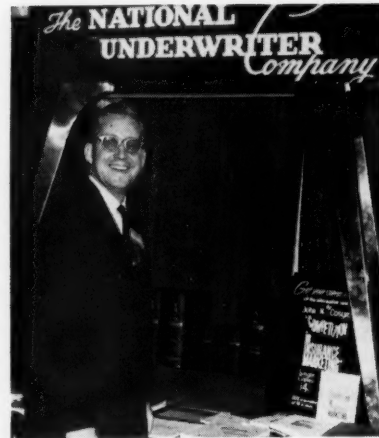
Southern Home Insurance Company

Greer, South Carolina

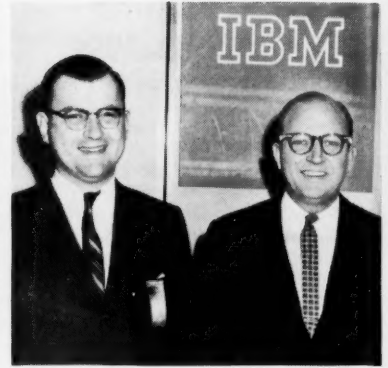
Photos From NAMIA Convention



Mrs. Harry Uhler of Baltimore; A. H. Field of Hickory, N. C., a director of the association; Mrs. Gruver, C. Robert Gruver, Philadelphia advertising and public relations executive, and Mrs. W. A. Stringfellow, wife of the general manager, at NAMIA headquarters.



Robert I. Zoll, regional sales manager of the National Underwriter Co. at Philadelphia, at the National Underwriter Co. booth during the NAMIA convention



International Business Machines maintained a very large and quite bright display at Washington. Here are Tupper Barrett of Washington and W. Kenneth Warfel of New York, who handled the demonstration of equipment for agency and company offices. A new dictating machine, the "IBM Executary," was shown for the first time anywhere.



Janet Schoolcraft and O. C. Lee of Harleysville Mutual group. They prepared home town newspaper releases for visitors to the convention.

Paul H. Dubuc, vice-president Shelby Mutual, with C. Goodman Jones of Bluefield, W. Va., and J. L. Norton of Charlotte, N. C.



Chase M. Smith, senior vice-president and general counsel of Lumbermens Mutual Casualty; Arthur G. Levy, New Orleans agent; Harry C. Foster, assistant secretary and research underwriter of Utica Mutual; and E. S. Overman, assistant dean of the American Institute. They were members of a panel which discussed several important insurance issues of the day.



Mrs. S. B. Patterson of Coral Gables and Mrs. A. J. Cooper of Winter Park, wives of Florida agents, and Mrs. P. R. Rucker of Jacksonville, wife of the executive secretary of the Florida association. The Indian costumes in which the women are dressed and in which the Florida delegation arrived in D.C. were in honor of George R. McKiever of Miami, the incoming president of NAMIA.



Robb B. Kelley and R. Gordon Coulter man the Employers Mutual Casualty booth to take a straw vote and predictions on the outcome of the Presidential election. The best prediction will win a \$100 bond.

Bruce S. Stake, regional fire manager of Michigan Mutual Liability at St. Louis; Robb B. Kelley, vice-president of Employers Mutual Casualty, and M. L. Landis, counsel of Central Mutual, three members of a panel which was one of the features of the NAMIA convention.



Arthur Reed of Central Mutual at Richmond, Va.; Norman W. House, who is with the company at St. Petersburg; S. M. Waugaman, vice-president, and Herbert D. Kephart, agency secretary.



John J. Henry, resident vice-president of Pennsylvania Lumbermens Mutual at Philadelphia; Robert L. Blue, general agent at Miami, and John J. Ford, president of the company. PLM, as is now traditional at NAMIA meetings, put out a four-page daily during the convention under the direction of the Gray & Rogers advertising agency of Philadelphia. This contained a lot of brightly edited news and pictures of the activities at the meeting and highlights of the program.



William C. Appel Jr. and J. Ira Laird Jr. of the Laird-Hagee general agency, Harrisburg, Pa., at the booth maintained by Mutual General Agents Assn. The booth was equipped with a Polaroid, and general agents took pictures of agents and their wives during the convention. Mr. Laird is president of the general agents' group.



A. F. Layton manned the Airkem booth at the NAMIA convention.



All the gentlemen attending the NAMIA convention from Michigan wore red jackets (very good looking, too) to advertise the 1961 convention which will be held in Detroit. Here are two of the red coats, Ralph E. Moulton and H. Max Tauner, both of Auto-Owners.



The Virginia-D. C. association maintained a coffee hospitality suite throughout the NAMIA convention. Among the hosts, all of whom were dressed in Confederate costumes, were these: C. M. Boteler Jr. of Washington, C. Bradley Spencer of Portsmouth, Va., and H. A. Moreland of Virginia Mutual.



Members of the Berkshire Mutual family: Rachel Howard, John D. Cox Jr., Mrs. Cox, and Clarence Anderson Jr.

Ben H. Baker of State Automobile Mutual, Mrs. Slade, and V. L. Slade of Lexington, Ky.



The November cooperative advertising program of NAMIA and its members was the subject of much attention at the convention in Washington. Here are shown Frank K. Baker of Hickory, N. C., and Thomas A. Stang of Jacksonville, Fla., with, on the right, J. Wallace Aggett, Atlantic Mutual Fire of Savannah, chairman of the committee for the project.



Agency Management Topics Dominate Four Workshops

By BERNARD P. McMACKIN

Nine hundred insurance men from half a hundred states are bound to have something more to contribute to a convention than faithful attendance at meetings and congenial demeanor in the hospitality suites. National Assn. of Mutual Insurance Agents, acting on this theory, exacted the greater contribution by devoting one-

sixth of its 1960 convention at Washington to workshops.

It was a courageous step, for the workshops were laid out in a way that made success entirely dependent upon the degree of audience participation. Each workshop—there were four in all—had a chairman and a secretary, both well equipped to deliver a dialogue on the subject matter, if need be. But these functionaries were urged at an advance briefing to let the audience do the talking, so that the ideas and experiences of the men from the firing line could come out freely, with the questions that might be on their minds. The desired results were achieved.

The guiding genius of the workshop

program—which it may be hoped will become a permanent part of NAMIA's conventions and others—was that of David A. Ivry, associate professor of insurance at University of Connecticut. Professor Ivry is well known to NAMIA for his work as director of the association's summer school at Oberlin College.

Agency Management Topics

Two of the workshops dealt with agency management topics—one on office procedures and the second on an increasingly popular question, solicitors. A third workshop dealt with agent's errors and omissions insurance and the fourth with business interruption insurance. A wrap-up session brought all workshops together for the secretaries' summaries, which summaries turned out to be skillful and often colorful too.

Richard J. Layton, vice-president Rough Notes, was the chairman of the office procedures session, with C. Goodman Jones, Bluefield, W. Va., acting as secretary. Mr. Jones, himself sought after as an authority on procedures, is vice-president of NAMIA. The audience suggested several areas for discussion—collections, cancellations, multiplicity of forms, clerical salaries, profit-sharing plans, locating office personnel—but, possibly indicating an unwelcome trend, collection methods and problems took a lion's share of the time.

Few Collection Problems

One participant said his terms hold collection problems to a minimum, "cash." He said that, as respects payment, he operated somewhat like an apple-seller on the street, and, further, that he makes it his business to try selling only people who have the ability to pay.

Several agents insisted that property and casualty producers should take a page from the book of life and A&S men by requiring payment of a substantial amount of the premium at the time the coverage is bound, even before the policy is delivered. Payment on renewals is a tougher problem, but one producer says his office girls solved that without his knowing about it at first. They simply send out a cancellation notice as of the inception date of the renewal policy if the premium has not been paid by then.

Mr. Layton attempted to establish an average salary figure for the "second girl" in the typical agency. There was considerable range. No one in the room paid as little as \$40 a week; many pay between \$60 and \$65, while several agents from metropolitan centers said they have to spend \$80 to \$85 for competent No. 2 help.

The workshop on solicitors came up with a consensus that an agency cannot continue to expand indefinitely without putting on solicitors or new principals. Guy Ferguson, the well known Chicago insurance employment expert, was chairman of the solicitor

(CONTINUED ON PAGE 40)

Mutual GAs Elect, Laird Sees Bright Future In Business

(CONTINUED FROM PAGE 27)

collar area of urban development as well as every white collar area. The general agent also knows the future plans for development in his territory of every city, of new construction of highways, superhighways, and other transportation factors.

Knows Social Culture

The managing general agent of today also knows the mores and social cultures of every section of every town in his territory. He is in a position to discuss the crime rate and juvenile delinquency rate in each of his underwriting areas, and knows the police and fire protection of those areas. Mr. Laird said that the general agent has found a startling increase in arson cases and is constantly studying the inter-relationship of loss or accident proneness between comprehensive personal liability, automobile, A&S and property coverages, both on and off the job.

There is an opportunity for unlimited growth of an independent agent under the managing general agent's direction in the agency system, he asserted. In 1958 American business firms invested approximately \$30 billion in new plants and equipment. Every expansion in business plant or equipment, every home, automobile or other item represents a potential sale for agents. With the population explosion that is going on today not only property must be insured correctly, but more and more lives are being created which must be insured under a proper life insurance plan.

Psychological Basis

The managing general agent is the only area in the fire and casualty field where the agent can obtain sales information on modern creative sales training, based on applied psychology. Being agents who represent companies through a managing general agent insures the local independent insurance offices that they will have not only the tools, capacity, knowledge and service facilities, but that they will have a business affiliation as individuals and not as one of many numbers with some large organization. The independent local agents and the companies who do business through the managing general agent have a good chance of surviving in the future economy.

William Swigart of the Swigart Associates general agency at Huntingdon, Pa., has been collecting copies of "Agent News, the convention publication of Pennsylvania Lumbermens Mutual, from the first issue. He has them bound for easy reference. Mr. Swigart also collects antique automobiles.

John Keyser of Kalamazoo, retiring president of NAMIA, was honored during the convention when V. L. Slade of Lexington, Ky., presented him a commission as colonel in the official family of the governor of that state.

NAMIA honored Edward H. Everest of New Haven, who died Oct. 9, with a memorial resolution. Mr. Everest was a director of NAMIA and past president of the Connecticut association.



WHEN A COMPANY PHILOSOPHY
IS AGENCY MINDED
FOR 125 YEARS —
IT'S A TRADITION



BERKSHIRE MUTUAL
FIRE INSURANCE COMPANY
PITTSFIELD, MASSACHUSETTS

ABINGTON MUTUAL
FIRE INSURANCE COMPANY
ABINGTON, MASSACHUSETTS

INCORPORATED 1856

- AGENCY INQUIRIES SOLICITED
- SOME AGENCY APPOINTMENTS AVAILABLE

More than a century of swift, sure service to home and industry.

Emphasis At NAMIA Is On Displays

Emphasis at the conventions of National Assn. of Mutual Insurance Agents is on exhibits, displays, and booth activity rather than on hospitality headquarters. The meeting this year in Washington was no exception. The attendance at the booths was heavy and continuous.

Many of the companies also maintained suites, and others participated in the convention in other ways. Guarantee Mutual of Worcester, for example, saw to it that conventioners received copies of the local morning newspaper.

Maintained Two Booths

NAMIA itself maintained two booths. One of them featured the November "Salute Mr. Mutual" advertising. Mutual General Agents Assn. at its booth took pictures of conventioners on a Polaroid. IBM had five booths, two with typewriters and three with agency accounting machinery. Minnesota Mining & Manufacturing Co. maintained a large and attractive exhibit. Aikem was on hand with a display.

Some of the insurers had both displays and headquarters. Those that maintained booths included:

Berkshire Mutual Fire, Central Mutual, Consolidated Mutual, Brooklyn, Employers Mutual Casualty, Grain Dealers Mutual, Harleysville Mutual Casualty, Improved Risk Mutuals, Mill Owners Mutual, Des Moines, Norfolk & Dedham, Pennsylvania Lumbermens Mutual, Shelby Mutual, State Automobile Mutual, Union Mutual of Providence, and Utica Mutual.

Propose Model State Agent Qualification

WASHINGTON—A model uniform state law establishing the educational and apprenticeship requirements for producer licensing countrywide was proposed at its annual convention here by National Assn. of Mutual Insurance Agents.

The proposed law would require agents or brokers seeking state licenses to (1) complete a minimum of 100 hours in classroom instruction in a course of insurance at a school or college approved by the commissioner, (2) complete at least one year of apprenticeship with a licensed agent, broker or agency, and (3) take a written examination testing the applicant's ability, competence and knowledge of the insurance business.

Allsopp Heads Committee

Roy R. Allsopp of Waynesboro, Pa., was chairman of the committee that prepared the model bill. He said that affiliated state associations will be encouraged to seek the adoption of the uniform law by their legislatures. Many states do not have producer qualification and licensing laws. Many that do have antiquated or inadequate laws, he commented.

Insurance underwriting has all of the characteristics of a profession, he said. To protect policyholders, it is essential that the professional concept be made a part of state qualification and licensing laws. The model law makes it necessary for the person seeking a license to practice insurance underwriting to be properly trained and qualified.

Mr. Allsopp is vice-president of the Tri-State association (Pennsylvania, Maryland and Delaware). Other members of the committee were Preston R. Rucker, executive secretary of the Florida association, and Edwin C. Adair of Culpepper, Va.

Asks Maintenance Of HO Commissions, Workable Auto Plan

(CONTINUED FROM PAGE 25)

plan, now being offered in many states, is a significant ingredient in the automobile stew. At the present base rates this ingredient may ultimately produce an inadequate premium, which can only lead to ultra-selectivity and more assigned risks. He did not criticize companies which have felt that merit rating was an inescapable answer to competition, but he hopes that they will ultimately find a more workable and less cumbersome tool with which to work—"a tool which will better do the job of anticipating the competition."

Fear Of No Regulation

If the new District of Columbia rating bureau bill is adopted, there is some fear of totally unregulated rates and forms, which would not be in the public interest any more than it is in the interest of the companies and agents. He recommended a study by a well-qualified committee, authorized to determine the propriety, the soundness and the necessity of such far-reaching provisions as are contained in the D.C. bill.

This is a very great business, he concluded. It serves more people than any other. Its basic purpose is to relieve the anxiety of human beings. Perhaps that is the reason agents so often concern themselves with every detail of its welfare.



SALUTE TO MR. MUTUAL:

He's your NAMIA Agent—a good neighbor to thousands of dwelling, automobile, and business property owners in communities of every size throughout the United States.

You'll know him by the "mounted warrior" emblem he displays—the sign of time-tested Mutual Insurance backed by local agency service. As well, by the special competence he brings to his job as an insurance adviser.

See your local NAMIA Agent. He's well qualified to serve you; can show you how "Mutual Agents Offer More" in the way of security, personal service, and insurance savings.

Published as a tribute to the 8400 NAMIA Agents nation-wide—members of the National Association of Mutual Insurance Agents—by:

GRAIN DEALERS MUTUAL INSURANCE COMPANY

Indianapolis 7, Indiana
Western Department: Omaha 2, Nebraska

Since 1900

IOWA MUTUAL INSURANCE COMPANY

Automobile

Burglary

Bonds

General Liability

Fire

Workmen's Compensation

An Agency Company

Home Office

De Witt, Iowa

Branch Offices

2440 Park Avenue, Minneapolis, Minnesota
3510 Dodge Street, Omaha, Nebraska



THE ANDOVER COMPANIES

Merrimack Mutual
Fire Insurance Company
founded 1828

Cambridge Mutual
Fire Insurance Company
founded 1833

"WE SWAMPUM
WITH WAMPUM"

Andover, Massachusetts

Need Of Public Information Eyed; Lack Is Demonstrated

(CONTINUED FROM PAGE 26)

insurance claims and cited two recent news stories. One told of a conspiracy in the south in which sawmill workers were given novacaine and a finger or other member sawed off so the workman could collect workmen's compensation. Another story told of the couple that placed their babies in the hospital for the weekend because they couldn't find anyone to baby sit while they took a trip.

The business outlook, Mr. Bayless said, is confused. The country is not in a depression or recession. What it is in is described as a state of "hesitation." Mr. Bayless called for patience because much of the hesitation is due to the campaign.

Modern Phenomenon

He said he thought the hesitation is due to the fact that the consumer is well fed and well supplied with material things and has no new appetite. This explains why business men are not laying in inventory. Also responsible for this phenomenon is the mod-

ern rapidity of production and speed of transportation. Processors and distributors can buy for much shorter periods ahead.

Whoever wins the election, things will change. Both candidates are younger, more vigorous, and more audacious than the present administration. There will be more action from Washington. Mr. Bayless believes the country is not going to have a sound prosperity unless the economy can create a new appetite so that people will buy. He thinks if this happens it will occur in the area of services, of which insurance is one. It is apt to come in areas characterized by leisure time—games, dancing, and the like. With so many having so much in way of material things, the next movement will be in things of the mind, of culture.

Though he indicated that in the main he is optimistic, Mr. Reynolds said that public attention being bestowed on the business country over indicates that the problems of public acceptance are pressing in on it as

never before. Automobile especially is being criticized, and there are proposals to restrict the insurers, even to cripple the business in its performance. Yet the casualty business is tooled up as never before to explain and defend itself.

Business Has Opportunity

Thus, he said, the business now has the opportunity to convert this unparalleled public attention to its own advantage if it disciplines itself and uses the tools at hand to condition the public climate in which it must exist and operate.

The business is at a critical stage, Mr. Reynolds believes, because it is the fulcrum of a moment of profound social and economic evolution, the period of the birth of a vast new industry. This, almost unnoticed and unidentified, already has dwarfed most of the other modern industries. This is the "injury compensation industry," a \$4 billion annual business.

Of this amount, \$1.1 billion is paid by insurers for personal injuries arising from auto accidents; \$0.2 billion for other injuries; \$0.1 billion for railroad injuries; more than \$1 billion for workmen's compensation, and \$1.4 billions for expenses to get these funds to accident victims—court and administrative agency expenses, insurer operations, and fees to professional and semi-professional persons who provide services for the business.

The insurance business has inherited the weight of the cumulative problems of all the component parts of this "industry," he said. Consequently, the insurance business finds itself willy-nilly attempting to remedy many of the faults of society and of its components—failures of laggard courts, of the bar, of medicine, and of the states.

Industry's Obligation

The obligation of the insurance business to protect and conserve the funds entrusted to it by the insured public compels it to raise its voice against abuses in professions and vocations which imperil proper administration of that public trust. It is ironic, he said, that while insurance is rigidly controlled, most of the other elements reject or escape regulation or even moderation.

It is to the credit of the business that its leader have, in spite of the inequities of the pressures which compel them to "police" professions and even social ethics, tried to do the impossible and occasionally have achieved it.

Being the center of attention, the business has been instructed on how to operate by persons sublimely ignorant of the ABCs of insurance. Legislatures will be bulging this winter with measures calculated to have a punitive or crippling effect on the business. Administrators will be pressed not to grant rate relief in defiance of simple arithmetical laws. Courts are under pressure to impose rules to apply second class justice to reduce backlogs in dockets and impose new rules of interest on injury judgments on the theory that because insurers handle vast sums for insured they must be vastly rich.

Greater Peril Than Ever

Private insurance is under heavier public and official peril than ever before, Mr. Reynolds declared. At the same time the business is beset by stronger and more varied competitive factors than ever.

The business has a great story to

tell. Most of the attacks upon it are based on misinformation, which feeds on lack of information. But the business is doing something about it, he said. There are now 12 information offices, composed of all kinds of companies, operating in 23 states to spread general understanding of the services provided by all casualty companies.

The insurance product today is the broadest, most variegated, most flexible, and most closely priced in the history of the business, Mr. Force said. There are so many choices the company may not know which way to go. The agent may not be sure what to recommend. But the customer need not be confused because he has learned to rely on the other two to provide protection at a reasonable price. For the most part he has had that; now he is going to get it more than ever.

Tendency To Grade Up

The pressure of competition at the agency level will tend to grade up representation of companies, he said. The poorer agents will fall behind—and out. Improvement in the standards of company representation will come by elimination—something the agents have been trying to achieve by qualification laws for years and at which they have been only partially successful.

Agents have to study harder and do more work today just for the experience of it. There is no other way to keep up. Agents have had to go back to insured and explain revised coverages. They have had to replace old with new cover in mid term. But all this has brought them closer to insured. They are better able today than ever to advise insured.

Testing Companies

The times also are testing companies. In that area, the grading up will continue. Companies will go up, some companies will go down, and some will go out. One of the best benchmarks for measuring the ability of a company to meet the kind of problems it faces today is now frequently, how well, and how creatively it communicates with its agents. This ability also indicates how well the company and its agents communicate with the public. The improvement in recent times in company-agent communications has been impressive. But much more needs to be done.

More competition lies ahead, more coverages, and a greater variety of coverages and prices. There will be more communication, between management and agent and between both of them and the customers. That communicating will exert beneficial disciplines on all three. Accompanying all the changes and broadenings and complicatings will be a greater need by the public for professional insurance guidance and advice.

The board of commissioners of District of Columbia have proposed regulations governing the home improvement business. Under them, contractors would be required to post compliance bonds of at least \$5,000, or a cash deposit with the D.C. treasurer. The regulations, which will be subject to public hearing, require contractors to be licensed and carry public liability and property damage insurance.

Rev. Herbert W. Lamb Jr. of Grace Episcopal Church, Silver Spring, Md., who gave the invocation, is a brother of Earl Lamb of New York, past president of NAMIA.

The Lumber Mutual Fire Insurance Company

of Boston, Massachusetts

— a multiple line company —

Keeping pace with modern times?

Join us in the promotion of
Quality Business

During
the
Soaring
'60's

Keith W. Skillin, Agency Supervisor

632 Beacon St.

Boston

Greetings to the

N. A. M. I. A.

Convention

MERCHANTS MUTUAL INSURANCE COMPANY

Buffalo, N. Y.

Assets \$40,171,438

Surplus \$6,729,479

"A 100% Agency Company"

McKiever Elected At NAMIA Rally

(CONTINUED FROM PAGE 25)

S.C. He now heads the Elliott & McKiever agency at Miami. He is past president of the Florida association, vice-president of the better business division of Miami Chamber of Commerce, and a member of the Dade County citizens' committee on insurance. He is also a member of the Coral Gables insurance advisory committee.

Mr. Spencer, who is in effect the president elect, opened his own agency in 1946. Previously he had been a statistician, a salesman, and a credit manager, and was with Hardware Mutual for a time. During World War II he was a naval officer engaged in salvage operations in the Pacific. He is past president of the Toastmasters Club of Danville.

Mr. Stringfellow practiced law in Asheville, N.C., and served as claim representative of U. S. Casualty in Charleston, S.C. and as casualty manager of the Johnson & Johnson agency in Raleigh before he became the first executive secretary of North Carolina Assn. of Mutual Insurance Agents in 1954. In 1957 he went with NAMIA as assistant general manager.

Makes First Contribution

When Earl Lamb of New York, past president, announced the \$25,000 memorial fund in honor of Mr. Baldwin to be used for perpetuation of the mutual agents' school at Oberlin College, and for other educational purposes, Robert King of Raleigh promptly stepped up with the first contribution, a check for \$600 from the Carolinas association. NAMIA directors voted \$2,500 for the fund.

Mr. Mutual Agent of 1960 is Ezra A. Cox of Poplar Bluff, Mo. Edward G. Adair of Culpepper, Va., was runner up. Mr. Cox was presented \$100 and a plaque, Mr. Adair a plaque. C. Robert Gruver, Philadelphia public relations and advertising executive, made the presentation.

Nominator Receives Prize

William Supancic of Millers Mutual Fire of Texas, who nominated Mr. Cox for the honor, received \$100 cash. Mr. Cox founded his agency in 1950 as a part-time enterprise while he operated a bookkeeping service. His wife operated a day nursery. After three years he went over full-time to insurance. He is an active advertiser in both newspaper and radio, and the themes reflect community service. He has worked closely with the schools, has been active in volunteer service, and has used his radio broadcasts (direct from his desk) to give helpful, neighborly advice.

The accident prevention award went to the Mississippi association and the fire prevention award to Ohio. William Newman of Bethesda, Md., made the presentations.

The Bryson-Thompson accident prevention award was accepted by Sidney Stallings of Leland, past president of the Mississippi association.

The Ohio association won the fire protection award with the cooperation of the New England 1752 Club. It organized a dramatic demonstration of fire prevention techniques which were presented to service clubs, schools and other groups. Edward Corder of Columbus, president of the Ohio association, and William A. Haase of Lumber Mutual, Boston, accepted the Cliff Westbrook trophy.

Both the fire and accident trophies were donated by the Ascher-Batzer agency of Atlantic City.

Thomas A. Stang of Jacksonville, past president of the Florida association, outlined the countrywide advertising program of NAMIA to the convention. "Salute Mr. Mutual" month in November will be supported by NAMIA, state associations, and individual agencies.

John Keyser of Kalamazoo, retiring president of the association, in his appearance before the directors of NAMIA Sunday, urged a national commission representing insurers, agents, attorneys, physicians, auto repairmen, contractors and others concerned to tackle the problem of reducing and discouraging false and inflated claims against insurers. The problem is too great for companies and agents alone, he said. The practice is a much larger indictment of national character than the TV quiz conspiracy because it involves so many more people, he pointed out.

Group Life And A&S

Another matter presented to the advisory board is adoption of a national program of group life and major medical for agencies and their employees. Ten of the state associations already are enrolled and others are joining up.

The program this year featured several speakers from outside the business. John R. Bunting, business economist of the Federal Reserve Bank at Philadelphia, said the current state of the economy has no counterpart in the post-war period. No one knows for sure if the country is in a recession, coming out of one, or going into one. The present uncertain state of the economy may last longer than most anticipate, he suggested, perhaps well into next year. Other non-insurance men who spoke were Dr. Charles E. Irvin, on "Hi Fi-Sellity," and William H. Gove of Florida, on "There'll Never Be Another You."

There was a party, including dancing, for past presidents Monday evening. This is an innovation but its success is apt to insure its continuation. The president's reception preceded the annual banquet Wednesday.

Bernard T. Dodder of Washington, convention chairman, welcomed arrivals on Sunday but became ill and had to miss the rest of the meeting while convalescing at his home.

Insurers Start On Young Driver Test

The two-year study launched by National Assn. of Mutual Insurance Agents at its annual convention in Washington to determine accident proneness among youthful drivers will test approximately 100,000 of them. NAMIA is encouraging insurers to establish a Mutual Drivers Psychological Measuring Bureau.

First Supporters

Allied Mutual of Des Moines, Employers Mutual Casualty, and Meridian Mutual of Indianapolis were the first to support the program.

The study will check the validity of a psychological test which experts believe will prove highly accurate in

separating low from high accident risks among male drivers under 25. The test, under the direction of Drs. A. C. McKinney and W. H. Wolins of the personal research center, department of psychology of Iowa State University, will include life history information, psychopathic personality, emotional stability and hostility.

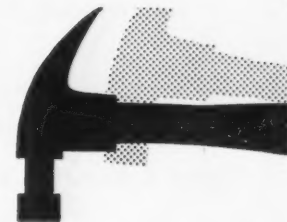
Young drivers applying for auto insurance in selected areas will be given the test. They will then be followed for two years and their accident record matched against the grade they scored on the test.

The study program was developed by two committees representing mutual agents and insurers. Henry Bean of Haddonfield, N. J., NAMIA past president, is chairman of the agents' committee. Robb B. Kelley, vice-president of Employers Mutual Casualty, is chairman of the company group.



Mutual Agents offer more

LET MILL OWNERS
HELP YOU NAIL DOWN
more sales in 1960



SELLING

Let your Mill Owners fieldman's experience make your job easier. Use his knowledge and skill in acquainting prospects with the coverages they need. You'll find his personal assistance will lead to the more profitable kinds of business.

SEEING

Overcome your prospect's sales resistance. Use a Mill Owners Vis-U-Lizer to help him see and grasp the benefits of the insurance program he needs. This and other Mill Owners Visual sales tools will make your presentation more effective and save you time.

SERVICING

Gain profits by making more prospect calls this year. Let Mill Owners streamlined accounting service relieve you of time-consuming paper work and office detail. Use extra time to make extra calls. Ask your fieldman about this special service.

GO MILL OWNERS FOR SUPER SALES IN 1960

- Fire and Allied Lines
- Inland Marine
- Automobile Casualty



THE DOORWAY TO PROTECTION

VERMONT MUTUAL FIRE INSURANCE COMPANY

Established 1828

Montpelier, Vermont

Extends its best wishes to the
National Association of Mutual
Insurance Agents

The substantial character of the agents who represent us is an indication of business stability which has characterized this Company since 1826.

HINGHAM MUTUAL FIRE INSURANCE CO.

Hingham, Massachusetts

Watch Other Industries, Mutual Casualty Meet Advised

(CONTINUED FROM PAGE 6)

gressive agency for six months or a year. The special agent trainee would sell only direct billing lines, and the agent would own all the business without paying him any commissions.

Outlines Basic Program

A basic program for special agents, he said, should include a heavy company product and pricing study; a review of competitive plans with stress on the similarity and differences between the company's plans and the competitors; knowledge of the complete direct billing operation; knowledge of the benefits an agent derives from using direct billing; and heavy emphasis on sales techniques.

O. C. Lee, Harleysville Mutuals, described how his company set up a long

range program of continuing corporate image research. Some of the specific objectives of the project were to establish the relative position of insurance within the financial industry, determine outstanding characteristics of a hypothetical ideal insurance company, determine the comparative degrees of familiarity of Harleysville Mutuals and competitors, establish outstanding characteristics of Harleysville, measure the intensity of attitudes toward the company, determine levels of awareness of lines written by Harleysville, define the company's perceived strengths and weaknesses, and measure awareness of the company's advertising.

Mutual companies must convey three different basic images: To agents, to the public both policyholders and non-

policyholders and to employees. "In starting to build or rebuild a corporate image, you'll have launched something that will serve you powerfully as long as you live up to it. You won't appreciate just how powerful this image of yourself is until you fail to live up to it," Mr. Lee concluded.

Approaches that may be used in determining market potentials and survey methods designed to bring into focus a reasonable picture of company growth expectation were discussed by H. P. Dickerson, Nationwide Mutual. The first step is to establish a current national and state industry potential by line. Then a five-year forecast of industry's potential is made by applying such factors as population growth by age group, mobility of population, rise or fall of family income and industrial movement. From this, market share and rate growth objectives are developed. He said his company has made several studies of its own market penetration and that of other companies and has a fair idea of what share of the market it might expect to ultimately achieve on an area-by-area basis.

Companies contemplating one-stop selling by means of acquiring a life company should look before they leap, W. L. Trankle, Meridian Mutual, advised. He mentioned some of the possible advantages in obtaining a life company: The established company name, foundation for an agency force, some economy of operation, and better stabilization by an additional spread of risks.

However, it is expensive for a fire and casualty company to either buy or start a life insurer. "You probably would not want to buy a company that is second rate, and one that is going good will demand a high price," he said. "If you start a company, you again furnish the money, and I am told it is not unusual to have a life company operate for seven or eight years before it makes money. The very high first year commissions have a retarding effect on the surplus."

Mr. Trankle suggested that before entering the life field, companies examine their own business to see if they have solved their present problems, whether they have a sufficient staff to assume additional problems or if they will have to hire additional people to take care of the new work.

Speaking at the exclusive agency representation session, James E. Odenwald, Nationwide Mutual, said that the trend to packaging will continue, and it is the job of the industry to design more comprehensive packages and to test them in the market. He dealt

particularly with the farm homeowners package, and he pointed out that the farmer, who 40 years ago carried only a small amount of fire insurance and possibly a small life policy, today was engaged in big business and had a multitude of insurance needs.

W. C. Horan, Federal Mutual, described his company's premium payment plan for automobile coverage, and the Mutual Service pre-authorized check plan for multiple lines was described by Robert W. Johnson. The pre-authorized check plan, Mr. Johnson said, is a good tool to develop the whole bundle of business, and it helps ward off competition because the insured, who no longer writes checks to pay premiums, forgets the expiration dates. Buyers are often willing to pay a little more because the plan is so convenient, lapses on all lines have reduced, and the agent is able to provide higher needed amounts of insurance, especially additional life coverage, he reported.

The joint session of both sections heard Chester M. Kellogg, Alfred M. Best Co., discuss the affect sales competition has on company statements. "Sales are the life blood of the business, competition faces us every day of the year, and I know of no company which has not taken some step, however, reluctantly, because of sales competition," he declared. "And, the final result of each and every step is recorded in the official score card—the financial statement."

He said insurers are almost entirely self-financing and can grow only as they are successful in plowing back sufficient earnings to finance growth and maintain surplus at a safe level. "In this competitive world, companies either forge ahead or slip behind—there is no standing still," he said.

To Ask Rehearing Of Ill. Decision On Firemen

Metropolitan of Chicago, the insurer, and the owner of the Green Mill Hotel of Chicago, who were the losers of a \$255,000 suit brought by fireman injured fighting in a fire in the hotel and by the survivor of a fireman who was killed, are asking Illinois supreme court for a rehearing. The case, which set a precedent for allowing firemen to sue property owners for alleged negligence for violating fire or building codes, has attracted considerable insurance interest in the state. It was reported in the Oct. 7 issue. The insured had \$50,000 of coverage in Metropolitan, and the judgment exceeds that by a wide margin.

International Automobile Exchange of Indianapolis has been licensed in Utah.



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A demonstration of Aetna Casualty's new push-button fire safety quiz with a house that bursts into flames when those being tested show a lack of knowledge about fire safety practices. The two-minute, 10-question quiz was made available for public testing in Hartford during Fire Prevention Week. Developed by Aetna Casualty in an effort to call attention to fundamental fire safety rules, the quiz will be used by the company's representatives for testing before school, church, civic groups and other organizations. A total of 15 of the devices are available. Participants push one of two buttons in response to true-false questions automatically flashed on a panel before them. The device will light up the word "safe" if the answer is correct, shoot flames from the house if it's wrong. The questions deal with home fire prevention practices as well as with emergency procedures during a house fire. In addition, score cards explaining the correct answers are given those taking the test.

Amer. Mutual Liability Raises DeLeeuw, Wolfe

American Mutual Liability has named Robert L. DeLeeuw and Evan L. Wolfe vice-presidents.

Mr. DeLeeuw, who is general sales manager in charge of countrywide marketing activities, was formerly

with Liberty Mutual as division sales manager for industrial lines in the New England division. Mr. Wolfe, with American Mutual Liability for 13 years, is general manager of the New England division in charge of sales and service activities.

New Officers Named By Kentucky Blue Goose

Kentucky Blue Goose at a special meeting elected B. B. Bolton, Terry general agency, most loyal gander to replace Richard W. Doerfler, who has been transferred by Great American to Denver. Edward S. Jackson, York-shire, was elected supervisor; Wendell E. Harris, Springfield F.&M., custodian; J. Russell Snyder, Kentucky Inspection Bureau, guardian; Martin J. Iuler, Providence Washington, keeper, and F. H. Stanhope Jr., Western Adjustment, welder (reelected).

Chubb Companies Quit Wash. Bureau Filings

Federal and Vigilant have withdrawn filing authority from Washington Survey & Rating Bureau and have filed an independent schedule of credits and rules for deductible fire coverage in the state.

Wheeling Women Hold Conference

Insurance Women of Wheeling were hostesses at the annual week-end conference held at Cedar Lakes, W. Va. Women from five various insurance groups in West Virginia were present and discussions centered around progress made during the past year and plans for the coming year.

North America is featuring in its fall advertising campaign on TV and in the Saturday Evening Post its Champion auto package and homeowners. A "Happy Birthday" theme is being used in connection with homeowners which was introduced 10 years ago. The Dave Garraway show is again being used as the TV medium.

Spering Ends Long Career With Loyalty

Robert Spering, vice-president in charge of fidelity and surety operations at the Newark head office of Loyalty group, has retired. He spent 49 years in insurance, 33 with Loyalty.

He entered the business in 1911 in the bonding department of National Surety. He was with five other companies before joining Loyalty in 1927 in the Newark fidelity section of Commercial. He was named assistant secretary of the group in 1947, secretary in 1958 and vice-president later that year.

Replies Lag In N. Y. Auto Practices Quiz

The New York joint legislative committee on insurance rates and regulation has received about 25,000 replies to its mandatory questionnaire on auto insurance practices sent to 56,000 producers in the state. Deadline for replies was Sept. 12, but some were received later. About half of producers replying are active in automobile lines.

Continental Casualty Pushing E&O Cover

Continental Casualty is aggressively selling errors and omissions coverage for insurance agents and brokers, regardless of company affiliation.

The coverage extends to office employees. Continental will pay the defense costs including investigations and attorneys fees as well as expenses incurred by an agent or broker at the company's request during suit. No claim will be settled without consent of the insured and Continental requires that 15 days notice be given before cancellation by the company. If the agent or broker should die, his legal representative will be protected by the same coverage.

Limits run from \$5,000 to \$300,000 with deductibles from \$250 to \$5,000. The three-year term discount is available.

New officers of South Snohomish County (Wash.) Insurance Agents Assn. are: Delmar Hards, president; H. G. Rice, vice-president, and Wayne Baldwin, secretary-treasurer.

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Lemmon Discusses NAII Proposed Rate Law

(CONTINUED FROM PAGE 2)

to take independent action."

What effect, if any, would the NAII bill have on the ability of smaller companies to compete with larger companies? Mr. Lemmon asked, observing that the question has special significance for NAII because it is predominantly an organization of small companies.

Before looking at the specifics of the bill on this point, he suggested study of the question of what type of rate regulatory system holds the greatest promise for the small company—a rigid, uniform structure of rates and coverages on all companies—or a system of relatively broad channels for rate and coverage competition, subject to reasonable supervision.

"Some would have us believe it is the former," he commented. "Only recently the old chestnut about uniformity being essential to protect the little companies has again been circulated—as usual by a spokesman for a national rating bureau dominated by very large companies.

"I'm sure the small companies aren't taken in by this kind of talk. While a system that would chain the giants to a one-price structure might look alluring at first blush, the executive of the small company realizes the sword of conformity cuts both ways—he, too, would be chained. He knows that a system of regimented sameness actually would put him at a serious disadvantage in trying to compete with Mr. Big."

Older Has Head Start

Mr. Lemmon said that everything else being equal, a larger, older company has a head start over a smaller, newer company through such things as a well-known name, an impressive financial statement, a long-established distributive plant, etc. Under a system of rigid uniformity in rating and coverage, such as the Texas casualty rate regulatory law, he wondered what avenues exist for the smaller company to capture a share of either the new or existing market. It can compete for the attention of an agency by offering to pay higher commissions, but there is a limit to how high such bidding can go. It can promise better service or more liberal claim treatment, but this may be hard to sell if Mr. Big has a tangible record of achievements along the same lines. Or it can paint a rosy picture of ultimate dividend refunds, but here, too, the sledding may be tough if Mr. Big can point to a good dividend record in the past.

"In short," he stated, "the small company under a monolithic system has little to offer except things that the big company may be able to match and sometimes go one better. By an interesting coincidence, the two top writers in the auto insurance field in Texas happen to be Allstate and State Farm Mutual."

A competitive-type rating system offers the small, newer company the opportunity to develop more efficient, economical or otherwise improved ways to do business, and thereby offer lower rates, Mr. Lemmon declared. The company can concentrate on and become proficient in writing a particular class of business and thereby sell at lower rates or supply an otherwise unavailable market, as the case may be. It can devise better coverages and rating classifications.

"Through these and other means, the small company under a competitive system has relatively unlimited opportunities to make up for what it

may lack initially in prestige, financial resources, or distributive plant. It can do so by dint of creative ingenuity, diligence, and concentration of efforts."

He said this not only sounds good in theory, it has worked out that way in practice. The record of the last few decades is replete with stories that simply couldn't have happened under a system of forced uniformity.

For these reasons, he expressed confidence that independent compa-



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nies, small and large, favor a competitive-type rating system, subject to reasonable regulation. They know that its long-range advantages clearly outweigh any short-range disadvantages.

"But, some may ask: Isn't it possible to have too much competition? In fact, aren't we heading that way in certain lines today?"

Depends On Definition

The answer, Mr. Lemmon said, "turns on what we are talking about when we refer to competition. I don't believe we can ever have an oversupply of reasonable, intelligent, informed competition—it is the driving force which keeps our industry alert, progressive and ever-responsive to public needs. The practice which must be guarded against is wilful, predatory slashing of rates below expected costs. This is not what we in independent circles refer to when we espouse the competitive philosophy.

"One shortcoming of the all-industry type rating laws is that they do not define an inadequate rate. Thus, the commissioner may at times be unsure of his authority to disapprove a rate even if he is convinced it is a case of conscious loss leadership designed to destroy the ability of others to compete.

Clears The Air

"Our bill clears the air on this point. It bases the test of adequacy on this fundamental question: Upon reasonable assumptions of prospective loss and expense experience, will the rate produce an underwriting loss? If so, it is inadequate. If not, it is adequate.

"This definition is new in the casualty and fire insurance field. It equates adequacy with expected underwriting experience and under the rates involved, and not with considerations of the filer's over-all solvency. It thus enables the commissioner to prevent any powerful segments of the business from bringing their superior financial resources to bear unfairly against the small, and thereby offers in our opinion the best statutory

means yet devised to safeguard against the possibilities of a destructive rate war.

"The question of whether the NAI bill represents desirable legislation from the standpoint of the smaller companies can therefore be answered resoundingly in the affirmative. The streamlined filing procedure in expediting needed rate relief, is to their benefit and the benefit of all companies. And the definition of inadequate rates provides the best assurance we've seen against below-the-belt price cutting.

"These concrete, irrefutable facts should lay to rest once and for all the scare talk being bandied about in some circles to the effect that our bill would catapult companies into a jungle type competitive death-struggle, where the strong would devour the weak. The plain truth is, our bill's definition of inadequate is the best bulwark yet devised to prevent such a holocaust, should one threaten. In fact, I defy anyone to show me any rating law on the books today that meets this issue half as squarely. As far as looking after the interests of small companies, I would put the record of our association's 15 years of devotion to their cause up against anyone else's, and particularly against the Johnny-Come-Lately's in whose tears I detect a faint crocodile image."

Mr. Lemmon also devoted attention to the New York hearings on auto cancellations and the prospect of more compulsory legislation in 1961.

Wide publicity given the Condon committee hearings has given the impression that the cancellation problem has reached epidemic proportions, he observed. With all this furor one might expect complaints to pour in, but the committee received a mere 414, and a newspaper coupon campaign brought in just 468. Of these, only 213 named NAI companies, whose members provide liability insurance for more than 1,220,000 New York car owners.

Of the 213 persons who filed those

complaints, 126 were traced and examined. Sixty-nine, more than half, were canceled because of severe or frequent accidents indicating them to be extra-hazardous risks; 18 were canceled as being of bad character, based on evidences of immorality, lying, or cheating; 21 turned out not to involve cancellations at all; the other 18 were canceled for an assortment of reasons running from drinking to the fact that the car was junked.

"The microscopic quantity of complaints filed in New York, and the facts revealed on closer scrutiny of even those few complaints ought to serve as complete exoneration of the industry's position, and bring an end to demands for restrictive legislation," Mr. Lemmon said, but he observed that "once a formidable dragon is conjured up in the public mind by the artistry of modern-day journalism, it takes more than cold facts and statistics to erase it."

The outcome of the cancellation controversy in New York has crucial implications not just for companies doing business there, but for compa-

nies everywhere, he pointed out. If New York should adopt restrictive legislation, it will form a dangerous precedent. "We must fight the fire where it starts, lest it trigger a general conflagration."

Favors Three Point Program

To meet the threat of additional compulsory auto insurance legislation, Mr. Lemmon advocated a three-point program of tighter financial responsibility law provisions; statutory uninsured motorist coverage with the right of refusal to be retained by the policyholder; and a provision in the uninsured motorist coverage to protect the policyholder when he has a valid claim against a motorist whose liability insurer goes broke.

That no new compulsory legislation had been enacted in 1960 he attributed mainly to the fact that "the three major casualty insurance groups hung up their boxing gloves and joined hands in putting together the industry program for highway responsibility."

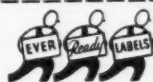
"But," he warned, "something more definite and dramatic is needed to stop compulsory in 1961."



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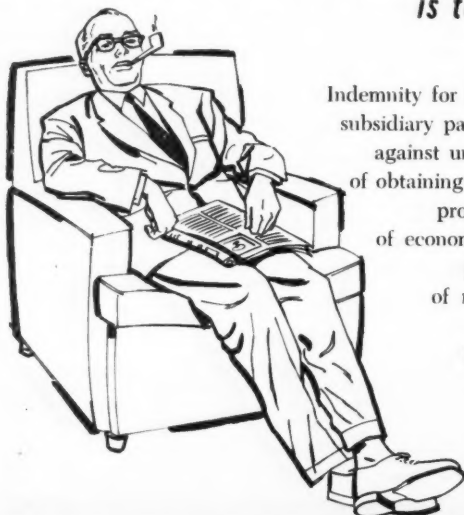
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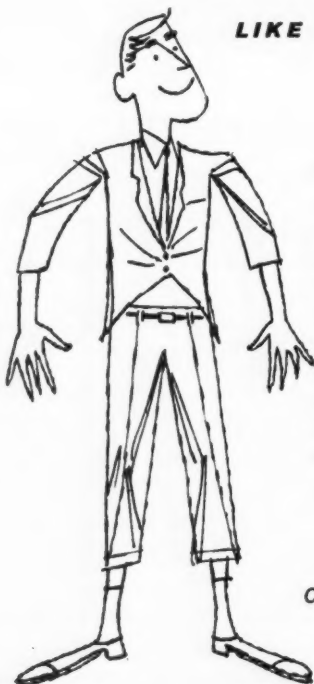
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Ill. Mutual Agents Set Two-Day Annual For Peoria, Nov. 21-22

A panel on agency problems will highlight the annual convention of Illinois Assn. of Mutual Insurance Agents in Peoria, Nov. 21-22, at the Pere Marquette Hotel.

The panel will be broken into three aspects of agency problems, with Earl Allers, Northwestern Mutual, handling adjusting; W. R. Katus, Inspection Bureau, inspection, and Donald Ruthmeyer, Lumbermens of Mansfield, underwriting. Albert Wilson, New Athens, will moderate.

The second morning's breakfast will feature the business meeting, President Orville Varland Jr., Rockford, presiding. "Life Insurance in the General Agency" will be discussed by Edwin Overman, American Institute, and A. L. Minzey, Auto-Owners, will suggest "Ask Them To Buy."

William A. Stringfellow, general manager National Assn. of Mutual Insurance Agents, will be the banquet speaker.

Other convention features include a 1752 skit, a social hour and a full program of events for the ladies.

Pacific Claims Executives Hold Semi-Annual At L. A.

A number of panel discussions occupied much of the semi-annual meeting of Pacific Claims Executives' Assn. at Los Angeles.

Discussion subjects and moderators were personnel, education and salary survey, Winter Dean, Canadian Indemnity; uninsured motorist, Earl Reese, Allstate; workmen's compensation, Howard Dickey, Pacific Employers; claims and company management, Cecil J. O'Donnell, Harbor; inter-company arbitration procedure within the association, Bud Egle, Gulf; inter-company subrogation payments, Frazee Burke, Pacific Indemnity; and claims procedures, Ralph Capps, Members Ins. Co.

Kenneth Hawkes, vice-president Northwestern Mutual, gave a committee report on liability guiding principles within the industry, and he urged members to discuss and adopt guiding principles as a means of settling disputes on questions involving overlapping coverages.

In addition to the panels, speakers on the program and their subjects were Dr. Donald Cass, medical payments; Joseph Jarrett, attorney, excess liability; Charles Morris, Assn. of Casualty & Surety Companies, fraud; and Ernest Burkhard, General Re, reinsurance. Stein Investigation Agency presented a luncheon program on under cover investigations, and Walter Ely, attorney, was the banquet speaker.

Bowdring Heads Fund's Disability Unit In West

C. Joseph Bowdring has joined Fireman's Fund as manager of the western department disability division at Chicago. He has been manager of the Chicago A&H department of Continental Casualty.

Cascade has made an independent filing of homeowners coverages A and B and tenants B in Washington. Cascade is the economy insurer associated with the United Pacific. Its homeowners policy is automatically renewable. Homeowners is being written 15% off and the additional charges for swimming pool and boat liability are also at a deviation.

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Charles A. Pollock, Jr.
PRESIDENT

Cooperation Is Needed To Solve Problems

(CONTINUED FROM PAGE 7)

ministration is to improve the relationship further.

With the many problems confronting the industry as a whole and agents as one of the important segments of the industry, this is no time for agents and companies to be bickering among themselves, Mr. Ellis declared.

Among the problems that demand the cooperation of every part of the business, is competition. This may be "old stuff," but it is a problem which must be recognized by agents and companies and approached with serious thought, calm heads and a joint effort with companies to meet it head-on. Direct writer competition is one phase of the situation. But even more dangerous in its over-all implication is the competition being engendered by more and more companies going independent.

Rate War Is On

This disturbs Mr. Ellis. He said there is a rate war on throughout the U. S. and if it goes unchecked, the financial solvency of many companies and of many agencies is going to be involved.

To further complicate the competitive situation, the federal government is entering the picture through the recently concluded O'Mahoney investigation. The bill introduced into Congress to revise completely the insurance code for the District of Columbia would, Mr. Ellis indicated, establish not "free and open" but "dog eat dog" competition.

Agents' organizations for years have been discussing the poor public relations between the industry and the public. Much of this criticism has been justified, he said. There are many areas that need improvement. One of the most serious and critical that must be faced is in connection with the under-25 male driver of automobiles. It is not necessary to describe the position agents are put in when companies decline to write the liability coverage for under-25 insured who will be major buyers of insurance in the days to come.

Must Improve Situation

Something must be done to improve this situation, he declared. National Bureau states that the rates for class 2 business are adequate, yet companies continue to lose money on the classification. He said agents can understand why the companies do not want to write the class. But the entire business is put in a most unfavorable light in the eyes of a segment of the public that, in the days to come, will comprise its best prospects.

Mr. Ellis suggested that the pool idea for assigned risks suggested by Edgar E. Isaacs of Atlantic Mutual at the annual seminar of Society of CPCU in Detroit might be the answer. In any event, the time has come to sit down together and see if this will offer a solution to the adverse image of the

insurance industry being created in the minds of these young men.

The creation of Insurance Information Institute is proof that companies recognize the need of communications with the public. As is true with any new organization, he said, it has been slower moving than many hoped, but that is to be expected. Agents should be grateful that the organization has been created and recognize the fact that great accomplishments can be expected from its operations. The entire executive committee of NAIA now constitutes a committee of the whole for liaison with IIA. This is another manifestation of the sincere cooperation developing between agents and companies today.

Auto-Owners To Fight \$185,000 Garnishment

KALAMAZOO —Auto-Owners of Lansing has denied liability in connection with the recent \$185,000 default judgment against the Kalamazoo county road commission, based on serious injuries to Mr. and Mrs. Joseph Roundhouse of Kalamazoo in a 1957 collision with a road commission truck.

The insurer bases its position on the contention that the road commission never gave notification that suit had been started by the plaintiff couple. No notice of the action was received, according to William C. Searl, Auto-Owners president, until a garnishment writ was filed following judgment.

Subsequently, counsel for the road commission filed a motion with the court to set aside the judgment when no defense was offered to the plaintiffs' claims for damages. The court awarded Roundhouse, a local contractor, \$125,000 covering his own injuries and \$60,000 for his wife's injuries.

Auto-Owners had supplied the commission with 100/200 limits and had been in negotiation with the plaintiffs for some time after the accident without reaching a settlement. Auto-Owners contended, however, that it had no knowledge that suit was filed last April and was unaware of any court proceedings until served with the garnishment papers.

Mayflower Names Three

Ernest C. Cook, vice-president Mayflower, has been reassigned to the home office. He has been in charge at Cleveland, the leading territory of the company, since Mayflower was organized in 1943.

Arthur C. Hallet will take over Mayflower operations in Cleveland, assisted by Joseph B. Hazen, who recently joined the company. Mr. Hallet has been with Mayflower since 1952 assisting Mr. Cook in Cleveland.

Frank N. Gangler, who has been manager at Seattle of Pacific of New York group, has joined the Thieme, Morris & Starr agency of Seattle.



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Agency Handling Topics Dominate Four Workshops

(CONTINUED FROM PAGE 30)

session, with Charles J. Venema, Kalamazoo, as secretary. Colleges do not serve as good recruitment centers for solicitors, it was generally agreed, for "boys want \$500 to \$600 a month, to start." The best sources, the workshop audience suggested, are direct writers' employees and men who are good salesmen in other fields. Agents should avoid taking on solicitors in too great abundance at once, it was suggested, but should rather take them on one at a time.

W. Frank Whipple, vice-president Michigan Millers, was in charge of the errors and omissions session. The secretary was Benjamin G. Sager, Cleveland, a former president of NAMIA. This workshop dealt mostly with the errors and omissions coverage available to members of NAMIA.

The scheduled topic for the business interruption meeting was "simplified earnings form," but the subject suffered the same fate as the simplified form itself—it served as a jumping off place for a discussion of business interruption gross earnings forms. Bernard P. McMackin Jr., associate editor Fire, Casualty & Surety Bulletins, and Allen R. Elliott, New Haven, president Mutual

Agents Assn. of Connecticut guided this session.

Though there was some dissent, most participants agreed the argument that prospects for business interruption insurance are unwilling to disclose business "secrets" is often a fiction. And, where the objection is anticipated, it is comparatively easy to estimate the prospect's needs by consulting operating ratios and similar figures published by National Cash Register and Dun & Bradstreet.

Only one producer in the group admitted to having ever used the earnings or "no-coinsurance" form, but he said he uses it extensively and almost exclusively. In answer to a question, he said it has put him in a competitively embarrassing position once or twice, but usually he is the only insurance man who ever raises business interruption coverage with his clients and they like the earnings form.

Doerfler A Special Agent

Great American has named Richard W. Doerfler a special agent for Colorado and Wyoming with offices at Denver. He has been with the company since 1958.

Burney Joins Trinity Universal

D. M. Burney has been appointed special agent in the Lubbock, Tex., territory by Trinity Universal. He will operate out of the Lubbock service office at 1611 Avenue Q.

Concern Over Costs Is Major Issue At Council Meeting

(CONTINUED FROM PAGE 12)

have to pay another deductible should it become necessary for them to return to the hospital, tend to prolong their initial period in the hospital so as to preclude the possibility of a return visit. The number of utilizations may decline, but the length of each hospital stay, Mr. Stuart said, thus tends to be longer.

More Coverage Via Group Device

Richard R. Shinn, who appeared with Mr. Stuart on a panel dealing with the future of employee benefit plans, discussed group coverage in the next 25 years. Mr. Shinn said that without group employee benefit plans, the average worker in the U.S. would enjoy considerably less insurance coverage than he does today.

"People have more insurance because of the group device," he declared.

And, said Mr. Shinn, the trend is to more group life coverage for workers because the need for such is there, as well as the demand for it from employers.

This was borne out earlier in the day by Jerome Pollack, program consultant for the social security department of United Auto Workers, AFL-CIO, who spoke to the members on organized labor's future benefit objectives. Mr. Pollack said that organized labor in recent years, without downgrading life insurance fully contributed to by the employer, has pushed it aside somewhat in a quest for better health benefits.

Need Still Apparent

But labor, Mr. Pollack said, has not forgotten the workers' need for life insurance and management can look to unions' giving the subject greater consideration as an objective at future bargaining tables.

As an example of how much so-called fringe benefits have become a major cost item of industry operation, Robert A. Albright, assistant to the financial vice-president of United States Steel, presented a study conducted by the council among 30 major companies on nine major cost items

considered fringe benefits and their percentage relationship to net salaries and their dollar amounts per year.

Among the items considered were those classified as time off with pay, benefits required by law such as social security and workmen's compensation, and voluntary benefits such as life and A&S insurance and retirement benefits. Considering all nine items in their percentage relation to annual net salary, the range varied from the company with the lowest percentage, 10.3%, to one company that was paying out 30.3% of net salaries in fringe benefits.

The range in voluntary benefits exclusively was 4.8% of total salaries for the lowest company on the scale to 15.4% for the company paying the greatest percentage in life and A&S insurance and retirement benefits.

In dollar amounts per employee per year, the range for all nine items was \$499 for the company paying out the least amount, to \$1,960 for the company at the top of the listing. The group life, A&S and retirement benefits range started at \$238 and went up to \$875.

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Tenn. Has \$50 Lightning Deductible On Fire Forms

All new and renewal standard fire policies in Tennessee will include a compulsory \$50 deductible on lightning losses to electrical appliances after Nov. 1. No rate change is involved and the ruling does not apply to homeowners.

In approving the deductible at the request of Tennessee Inspection Bureau, Commissioner Long said that of 8,055 lightning claims paid in the state last year, 3,205 were for damages to electric hot water heaters and 1,690 were for damages to TV sets. Many claims, he said, were made during months in which there was little lightning.

Textile Shows 9.35% Rise In Written Premiums

Textile of High Point, N.C., increased its written premiums during nine months of 1960 over the same period last year by 9.35%, James G. Cage, president, has reported to stockholders. The company expects to move into its new home office building at 304 North Wrenn Street in High Point in November.

800 Illinois Agents Gather At Peoria

(CONTINUED FROM PAGE 2)

regional vice-president, and Benjamin A. Jones, Decatur, vice-president farm affairs.

The balance of the morning was devoted to two panels—"Pros and Cons of Merging Agencies" and "Direct Billing—Continuous Forms." Participants of the former were S. F. Spurling of the agency bearing his name, Taylorville; James Rupp, Creighton-Jackson Co., Decatur, and Thomas K. Sprague Jr., Sprague agency, Joliet, regional vice-president, moderator.

The latter panel had as members H. W. Mullins of Manny, Stevens & Engstrom, Rockford; Warren Osenberg of W. F. Wiltberger Co., DeKalb, and Harry Parrish of Paris, moderator.

Tuesday afternoon, Elmer Miller, insurance editor Journal of Commerce, discussed "The Trend in Commissions;" resolutions were read and officers and directors installed. There was a banquet that evening.

Complete details of the meeting will be given in next week's issue.



In the Continental hospitality room, Wendell L. Drake and Thomas Cath, both of Continental Casualty, greet agents at Illinois annual.



Fred O. Waller, Galva, president; George J. Nicoud, executive manager and secretary; Harry C. Parrish, Paris, executive vice-president, and H. W. Mullins, Rockford, state national director.



In the Don R. Jensen agency hospitality suite, W. H. Johnson, American United regional group manager, Chicago; James H. Hawk, Peoria, general chairman of the convention; Ramona, the Jensen model and hostess; Don Jensen, and M. A. Bradford, partner Jensen agency.

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BOILER UNDERWRITER

Large multiple line insurance organization, with headquarters in Chicago, needs boiler underwriter with several years of wide experience in this field. An engineering background is preferred. Reply by letter giving your qualifications and salary desired.

Box U-38, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Progressive multiple stock group has opening for supervisor of its Milwaukee territory. Casualty experience necessary and some Fire experience needed. Salary open. Reply to Box U-35, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Editorial Comment

Something For Free From A Banker

Banking and insurance have long been known as the handmaidens of commerce. In the past they have also shared a somewhat unenviable reputation for lack of innovation in certain phases of their operations. Apparently this is still the case in banking, and insurers might profit by remarks on this subject made by Carl A. Bimson, president of American Bankers Assn., at its recent annual meeting.

Mr. Bimson, who is president of Valley National Bank of Phoenix, declared that banking needs the same sort of marketing concept that animates the production and sales of most major industries, if it is to compete successfully with savings and loan associations and credit unions.

In short, what must govern banks in the future is the fundamental realization that they must design and run their operations not to suit their own convenience, but instead to provide more convenience for the customer, Mr. Bimson declared.

He noted that commercial banking had been struggling manfully to maintain a strong, competitive position in the retail banking field, but that in spite of changes in traditional bank thinking, this has not been enough. Since World War II, the savings and loan associations and credit unions have gradually closed the retail savings and borrowing gap until today, commercial banking's lead in the field—at one time commanding—has become dangerously slim.

Traditional insurers who wish to read a parable into Mr. Bimson's message in this regard should have no difficulty in doing so.

He also observed that in the competition with a host of "non-banking financial institutions" the competition has been most apparent in the field of savings.

Insurers who frequently deplore the inroads made by "non-insurance interests" can find another parallel there.

But the most valuable lesson they can learn from Mr. Bimson lies in his further observation that if banks are to compete successfully with the "outside interests" they must do so by of-

fering a better and more complete retail banking service at competitive prices in the most convenient way possible.

Since he is not a complainer but a constructive critic, Mr. Bimson said that commercial bankers should take their services to the customer, not wait for him; make convenience the watchword; awaken to the fact that only commercial banks can provide a complete package of services, and study the benefits to be had from automation in reducing costs and making possible even more services.

Of course, Mr. Bimson was not speaking directly to executives of traditional insurers and to independent agents—or was he?—J.N.C.

Personals

Robert L. Cook of Martins Ferry was honored at the annual meeting in Columbus by Ohio Assn. of Insurance Agents as the outstanding independent agent of 1960.



Robert L. Cook

He received the Paul Revere trophy in recognition of contributions to the business, the association, and his community. He is the owner of the Cook agencies in Martins Ferry and Bridgeport. A former treasurer of the Ohio association, Mr. Cook has served as trustee from his district and as an officer of his local board. As a member of the NAIA management committee, he was instrumental in formulating the early plans for the cost surveys that have been conducted in most of the major states.

Albert E. Mezey, now vice-president of Home, has received an honorary membership in the New York State Assn. of Insurance Agents in recognition of his long service as an agent. Robert B. Douglass, of Potsdam, president of the association, cited Mr. Mezey for his work as a member and

chairman of various committees of state, national and local agents' associations. The state association had only once previously awarded an honorary membership.

Henry Bartholomay III, life department manager of Bartholomay & Clarkson general agency of Chicago, has been named chairman of the 1961 March of Dimes campaign in Cook County.

Deaths

SAM A. ROTHERMEL, 66, former president and chairman of the Moore, Case, Lyman & Hubbard agency of Chicago, died. He joined the agency in 1919 and became a partner in 1935. He advanced to president in 1952 when the agency was incorporated, became chairman in 1955, and was with the agency until his retirement two years ago. Mr. Rothermel was chairman of the old Chicago Fire Insurance Patrol.



Sam A. Rothermel

JOSEPH P. HOFFMAN, managing underwriter for George E. Edmondson general agency at Tampa since 1928, died of leukemia. He had been an active member of Florida Field Conference and Florida Blue Goose pond for 31 years.

JOHN L. A. GALSTER, 81, agent at Petoskey, Mich. and a past president of Michigan Assn. of Insurance Agents, died. He entered insurance as a solicitor for National Casualty in 1897 and later became a partner with his brother, Henry, in the Galster agency. A civic, industrial and political leader in northern Michigan, Mr. Galster was mayor of Petoskey in 1921-24 and formed a cement plant and a Great Lakes shipping company there.

WILLIAM J. MANNING, president of Liell agency, Brooklyn, N. Y., died. He was a former chairman of the fire prevention and water supply committee of New York Board.

FREDERICK A. WILDNAUER, 74, of the Adams & Porter agency, New York, died in East Orange General Hospital. He had been in the business for more than 50 years. He began as a general marine broker and was later

with William H. Young who subsequently became a partner of Adams & Porter. Mr. Wildnauer was a past president of Marine Insurance Club. During World War II he was loss manager for the British Ministry of War Transport in New York.

WARREN PARTRIDGE Jr., 56, personnel officer of Atlantic Mutual, died in Beekman-Downtown Hospital, New York, after a brief illness. Before joining the company in 1947, he was a labor relations consultant. During World War II he was training director for three years in the army ordnance department and he received a war department citation for this service.

WALTER A. CONROY, 84, Keansburg, N. J., agent, died at his home there. He founded the agency 60 years ago.

THOMAS E. BAKER, 73, retired president of Lumber Mutual Fire of Boston, died at Arlington, Mass. He joined the company in 1903 and served in various capacities before becoming president in 1948. He retired in 1953 but continued to serve as a director.

HERBERT W. ROBERTSON, 75, long-time state agent for Hanover in Kentucky who retired several years ago, died at Louisville. He was known as the "dean" of Kentucky Blue Goose.

DON GREENHAW, 57, president Royal Standard of Little Rock, died as he was leaving the stadium after the Mississippi-Arkansas football game. He bought the charter of Royal Standard in 1958. Previously he had been a field man for Riverside of Arkansas and before that was a local agent at Harrison, Ark.

LEW WALLACE, 71, Portland, Ore. agent and a prominent state legislator, died of a heart attack. He had been in insurance since 1910. A state senator for many years, he was twice a candidate for governor of Oregon.

PAUL A. NIELSON, 64, Manhasset, N. Y., agent, died at his home there. He had been in insurance since 1912 when he went with Home. He was later a special agent of Hanover and was associated with the J. W. DeMott agency, Brooklyn, before opening his own agency in 1926. He was a past president of New York Suburban Field Club and a founder and president of Manhasset Kiwanis.

JOHN L. BAKER, 78, retired vice-president and counsel of Reliance, died in Middletown, O., following a heart attack. Until recently, he had lived in Lanerch, Pa. Before entering insurance he taught at the University of Indiana law school and practiced law in Indianapolis. He was with several surety companies prior to joining Reliance in 1934, and was active in the legal affairs of that company until his retirement in 1948.

MARTIN J. MURRAY, 47, Upper Montclair, N. J., agent, died at Jersey City Medical Center of a cerebral thrombosis.

CLAUDE C. FAW Sr., 73, North Wilkesboro, N. C., agent, died in the hospital there.

JAMES H. CAIN, 77, head of the Cain-Lee agency of Deridder, La., died unexpectedly at his home there.

ROBERT D. MacDANIEL, 64, 1st vice-president and secretary of Grain Dealers Mutual, died at his Indianapolis home. He had spent all of his 40-year insurance career with Grain Dealers, starting in 1920 as an inspector in the mill and elevator department. In 1927, he became engineering and loss prevention manager, a position he

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held for 33 years. He was elected a vice-president in 1942, 1st vice-president in 1953, and secretary and director last year.

Mr. MacDaniel was a recognized fire prevention authority, and he received the distinguished service award of National Fire Prevention Assn. in 1948. He was a member of the executive council of International Assn. of Electrical Inspectors and chairman (1947-49) of the loss prevention committee of Federation of Mutual Fire Insurance Companies. He was also a past president of Assn. of Mutual Fire Insurance Engineers.

MELVIN N. DUE, 77, president Citizens Finance Co. and Citizens Industrial Bank of Grand Junction, Colo., and a past president of Colorado Insurers Assn., died. Until he was slowed down by illness, Mr. Due was one of the hardest working members in the Colorado agents association. He had lived in Grand Junction since 1915 and was one of the organizers of Citizens Finance and Citizens Industrial Bank.

JOHN S. FOSTER, 59, partner in the Newark, N. J. law firm of Lum, Fairlie & Foster, died of a heart attack in the hospital at Hoboken. He was stricken on the train enroute to New York. An authority on insurance law, Mr. Foster was former chairman of the committee on fire insurance law of American Bar Assn. He was counsel of Firemen's of Newark and had been a director since 1951.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. La Salle St., Chicago, Nov. 1, 1960

	Bid	Asked
Aetna Casualty	86 1/2	88 1/2
Aetna Fire	85 1/2	87
American Equitable	42	44
American, Newark	25 1/2	27
American Motorists	15	16 1/2
Boston	31	32
Continental Casualty	75 1/2	76 1/2
Crum & Forster	69	71
Federal	59 1/2	61
Fireman's Fund	46 1/2	48
General Re.	110	115
Glens Falls	32	33 1/2
Great American	44	45
Hartford Fire	49	51
Home of N. Y.	59	60
Ins. Co. of No. America	61 1/2	63
Jersey Ins.	32	32 1/2
Maryland Casualty	34 1/2	35 1/2
Mass. Bonding	34	35
National Fire	110	115
National Union	36 1/2	37 1/2
New Amsterdam Cas.	52	53 1/2
New Hampshire	51 1/2	53
North River	38 1/2	40
Ohio Casualty	23	24 1/2
Phoenix, Conn.	79	81
Prov. Wash.	17 1/2	18 1/2
Reins. Corp. of N. Y.	22	23
Reliance	55 1/2	56 1/2
St. Paul F. & M.	55 1/2	57
Springfield F. & M.	30	31
Standard Accident	44	46
Travelers	85 1/2	86 1/2
U. S. F. & G.	38	39
U. S. Fire	27 1/2	28 1/2

Defendants Win 8 Out Of 14 In Chicago Last Week

Personal injury verdicts in Chicago courts last week, as summarized by Cook County Jury Verdict Reporter, favored defendants in eight out of 14 decisions. Of the \$217,000 demanded in damages, \$60,000 was awarded.

Defendants hold a 51-45 edge over plaintiffs since the courts reconvened Sept. 1. Total damages of \$745,806 have been awarded against total demands of \$1,217,000.

Royal-Liverpool Guards, the organization of Royal-Globe group 25-year employees, held annual dinner meetings in New York, Chicago and San Francisco.

Assails Idea Of Charging Interest On Delayed Trials

Ralph D. Jones, executive representative Continental Casualty and president Insurance Federation of Illinois, writing in the "Independent Adjuster," the publication of National Assn. of Independent Insurance Adjusters, asserted that the proposal to collect interest on personal injury suits pending in Illinois courts would make Cook County and Chicago "the legal Las Vegas of organized claimants attorneys."

Mr. Jones said the scheme would increase court congestion rather than relieve it as its sponsors contend, and would pose "a real and actual threat to our entire judicial system." It would make the present court backlog "look like a molehill," he added.

Notes Illinois Candidates

Some candidates for the Illinois legislature and some representatives of organized plaintiffs attorneys have advanced the idea of charging interest on awards from the time the suit is filed until a judgment is rendered. It is asserted by these people that insurance companies like to have suits delayed because they prosper through the setting up of reserves on which they draw down a sizable investment income.

Mr. Jones states that to apply interest in this manner on a BI case is "based on the fantastic assumption that delay in the courts automatically is caused by the defendant and his insurance company."

He said the effect of this plan would be to drag into Chicago all contingency litigation from the other states upon which service in Chicago could somehow be justified. There is a present backlog of 61,000 cases in the Chicago courts, and "this proposition opens up possibilities for additional backlogging such as the mind of the contingency fee counsel had never dreamed. Delays would grow longer, interest would continue to pile up, and the insured public—the prudent citizen who must buy insurance to protect himself and his possessions—would end up footing the bill."

More than 90% of personal injury claims are now settled without reaching court, Mr. Jones pointed out, while in Chicago defendants and their insurance companies are acquitted 51% of the time when the cases do go to trial. The fact that 90% of the claims are settled equitably and satisfactorily to all concerned, without litigation, indicates that the insurers and their claims men "are the best friends of the courts," he declared.

Derrickson Advanced In Auto By General Accident

General Accident has advanced Jack P. Derrickson from assistant superintendent to superintendent in the automobile underwriting department. In a story in the Oct. 14 issue, Mr. Derrickson's name was incorrectly given as Jack P. Dickerson. Mr. Derrickson will supervise business in the eastern states.

Boston Library Unit Elects

Insurance Library Assn. of Boston elected to its board of trustees Edward J. Martin, vice-president of Phoenix of Hartford, and William N. Woodland, executive vice-president of Mutual Fire Insurance Assn. of New England. Other trustees and officers were reelected.

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valteau & Co., Board of Trade Building, Chicago

This being a free country, it is everyone's privilege to start a new life insurance company. And, judging by the continuing cascade of such promotions, nearly everyone intends to exercise such freedom.

James Joyce refers to the "commodious vicus of recirculation." There is a handiwork of oldtimers that recalls the wave of promotions in the Armstrong investigation era of say 1907-1910. Many more are here to tell of the ill-starred launchings of the 20s. Metempsychosis would suggest that the 1907-1910 grandfathers, and their multiplied presences of the 1920s are reincarnate today a hundred fold.

The dream boat sails on, even as six headed Scylla plucks to her maw earlier starters from the after deck. Persons of eminence are persuaded to serve as figurehead on the dream boat, even though they would stand aghast at comparable enthusiasm for new enterprises in the fields in which they have attained their eminence. There, they would not need to be lashed to the mast to resist the sirens' beguilement.

New ones are seeded whilst the seedlings of 1955, 1956, 1957, 1958 and 1959 wither; returning to the pump, the original suppliers are found now to be holding their water.

The motives range from radiant conviction to the meanest spirit of stock jobbing. From a genuine desire to participate in and promote the finest traditions of life insurance, to exploitation of the wonderful reputation of the business for hit and run gains via 15% commissions on stock sales, and stock option schemes. A medley of innocence and contrivance, with here and there, let it be fairly said hard-headed, purposeful and knowledgeable undertakings.

Texas (the Omphalos) had it first. Then the dawn and the progenitors scattered. Alabama; Gen. Folsom wanted a new life insurance company in each of the 64 counties and he almost made it. Indiana, an inundation with dozens of Lincoln Nationals popping up all over the landscape. Arkansas, teeming, Illinois, fertile prairies. And others, except in the East, where the unprogressive spirit prevails.

— || —

Insurance stocks gave only fractional ground last week when the general market was retreating. Then the fire-casualty stocks showed strength when recovery set in, and on Friday they had a private bull session while the general market was weaker. Notably strong on that day was Home Insurance; Travelers moved up decisively to 88 on the eve of the dividend meeting of the board; Continental Casualty was at its all-time high again, Phoenix and Hartford were strong and in general the list was firm. Mass. Bonding was an exception, dropping off to 36. It often happens that there is a lag between decisive action in the general market and in the performance of insurance stocks. On the downside the latter may not react for two or three days, and likewise on the upside.

Crum & Forster was an exceptionally strong issue, advancing from 64 to 73 before meeting resistance. This has long been regarded as the prime insurance discount situation.

New Amsterdam Casualty zigged and zagged. On rumors that nuptial chimes had been silenced for New Amsterdam and Fidelity and Deposit, New Amsterdam stock dropped from 54 to 49 1/2. Then after two days it came back into favor on word that not only was Security Insurance going to press its suit for New Amsterdam, but that still another fancier of New Amsterdam would be heard from.

Monday's announcement of the proposed get-together of New Hampshire Fire and Illinois National Ins. Co. adds still another example.

Mass. Bonding stock slipped even further Monday, the bid dropping to 34. This may reflect doubt that Hanover and Mass. Bonding will go to the altar after all.

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Donna now is out of the market, so to say. After all, the top company people were closer to right in their earlier estimates than were the adjustment bureaus. The latest figure is \$83 million, as against the adjusters' first guess of \$150 million. General Reinsurance, that dropped from about 118 to 104 after Donna, returned to its former level.

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Life stocks were mainly listless to droopy, but on Friday Connecticut General moved up 5 points or so and Lincoln National, which had been under heavy liquidation and had broken under the 200 level and down to a low of 192 (which incidentally was also the 1959 low), came in for a reversal trend. There was a 200 bid for the stock on Friday. The recent poor market performance of Lincoln contradicts its fortunes, which are very good this year. Continental Assurance stood out on the constructive side, and Great-West Life of Canada has been in demand. Friends of the life stocks hope that when the proof is in on 1960 with official reports they will become a magnet for bargain hunters. Life companies do not make interim reports on earnings, and investors (except for dream boaters) want to see it in black and white. They tend to be skeptical when making investments in going companies, although they have been more prone to get in on the ground floor of the hundreds of acorn Aetnas, Travelers, Franklins and Lincolns.

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American Heritage Life of Jacksonville is seeking SEC registration of 354,240 shares. It is proposed to offer this for subscription by stockholders of record Nov. 22 at the rate of one new share for each eight shares held. Proceeds will be used in part to repay the short term indebtedness incurred in connection with the acquisition of 232,279 shares of stock of Acme United Life of Atlanta at \$7 per share.

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The One William Street Fund during the three months ended Sept. 30 bought 12,500 shares of Continental Assurance and now owns 15,000 shares. Its other insurance holdings are 5,200 Connecticut General Life and 30,000 Travelers. Eaton & Howard Stock Fund bought 3,000 Hartford Fire and now owns 20,000.



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